

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2023 OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

COMMISSION FILE NUMBER 001-12307

ZIONS BANCORPORATION, NATIONAL ASSOCIATION

(Exact name of registrant as specified in its charter)

United States of America

(State or other jurisdiction of
incorporation or organization)

One South Main

Salt Lake City, Utah

(Address of principal executive offices)

87-0189025

(I.R.S. Employer
Identification No.)

84133-1109

(Zip Code)

Registrant's telephone number, including area code: (801) 844-8208

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Trading Symbols</u>	<u>Name of Each Exchange on Which Registered</u>
Common Stock, par value \$0.001	ZION	The NASDAQ Stock Market LLC
Depository Shares each representing a 1/40th ownership interest in a share of:		
Series A Floating-Rate Non-Cumulative Perpetual Preferred Stock	ZIONP	The NASDAQ Stock Market LLC
Series G Fixed/Floating-Rate Non-Cumulative Perpetual Preferred Stock	ZIONO	The NASDAQ Stock Market LLC
6.95% Fixed-to-Floating Rate Subordinated Notes due September 15, 2028	ZIONL	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Number of common shares outstanding at July 31, 2023

148,145,133 shares

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

Table of Contents

	<u>Page</u>
PART I. FINANCIAL INFORMATION	
Item 1. <u>Financial Statements (Unaudited)</u>	<u>38</u>
<u>Consolidated Balance Sheets</u>	<u>38</u>
<u>Consolidated Statements of Income</u>	<u>39</u>
<u>Consolidated Statements of Comprehensive Income (Loss)</u>	<u>40</u>
<u>Consolidated Statements of Changes in Shareholders' Equity</u>	<u>40</u>
<u>Consolidated Statements of Cash Flows</u>	<u>42</u>
<u>Notes to Consolidated Financial Statements</u>	<u>43</u>
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>4</u>
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>83</u>
Item 4. <u>Controls and Procedures</u>	<u>84</u>
PART II. OTHER INFORMATION	
Item 1. <u>Legal Proceedings</u>	<u>84</u>
Item 1A. <u>Risk Factors</u>	<u>84</u>
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>85</u>
Item 6. <u>Exhibits</u>	<u>85</u>
<u>Signatures</u>	<u>86</u>

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

ACL	Allowance for Credit Losses	IPO	Initial Public Offering
AFS	Available-for-Sale	LIBOR	London Interbank Offered Rate
ALLL	Allowance for Loan and Lease Losses	LIHTC	Low-income Housing Tax Credit
Amegy	Amegy Bank, a division of Zions Bancorporation, National Association	Municipalities	State and Local Governments
AOCI	Accumulated Other Comprehensive Income or Loss	NAICS	North American Industry Classification System
ASC	Accounting Standards Codification	NASDAQ	National Association of Securities Dealers Automated Quotations
ASU	Accounting Standards Update	NBAZ	National Bank of Arizona, a division of Zions Bancorporation, National Association
BOLI	Bank-Owned Life Insurance	NIM	Net Interest Margin
bps	Basis Points	NM	Not Meaningful
BTFP	Bank Term Funding Program	NSB	Nevada State Bank, a division of Zions Bancorporation, National Association
CB&T	California Bank & Trust, a division of Zions Bancorporation, National Association	OCC	Office of the Comptroller of the Currency
CECL	Current Expected Credit Loss	OCI	Other Comprehensive Income or Loss
CLTV	Combined Loan-to-Value Ratio	OREO	Other Real Estate Owned
CRE	Commercial Real Estate	PAM	Proportional Amortization Method
CVA	Credit Valuation Adjustment	PEI	Private Equity Investment
DTA	Deferred Tax Asset	PPNR	Pre-provision Net Revenue
DTL	Deferred Tax Liability	PPP	Paycheck Protection Program
EaR	Earnings at Risk	ROU	Right-of-Use
EPS	Earnings per Share	RULC	Reserve for Unfunded Lending Commitments
EVE	Economic Value of Equity	S&P	Standard & Poor's
FASB	Financial Accounting Standards Board	SBA	U.S. Small Business Administration
FDIC	Federal Deposit Insurance Corporation	SBIC	Small Business Investment Company
FHLB	Federal Home Loan Bank	SEC	Securities and Exchange Commission
FICO	Fair Isaac Corporation	SOFR	Secured Overnight Financing Rate
FRB	Federal Reserve Board	TCBW	The Commerce Bank of Washington, a division of Zions Bancorporation, National Association
FTP	Funds Transfer Pricing	TDR	Troubled Debt Restructuring
GAAP	Generally Accepted Accounting Principles	U.S.	United States
GCF	General Collateral Funding	Vectra	Vectra Bank Colorado, a division of Zions Bancorporation, National Association
HECL	Home Equity Credit Line	Zions Bank	Zions Bank, a division of Zions Bancorporation, National Association
HTM	Held-to-Maturity		

PART I. FINANCIAL INFORMATION

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING INFORMATION

This quarterly report includes "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations and assumptions regarding future events or determinations, all of which are subject to known and unknown risks, uncertainties, and other factors that may cause our actual results, performance or achievements, industry trends, and results or regulatory outcomes to differ materially from those expressed or implied. Forward-looking statements include, among others:

- Statements with respect to the beliefs, plans, objectives, goals, targets, commitments, designs, guidelines, expectations, anticipations, and future financial condition, results of operations and performance of Zions Bancorporation, National Association and its subsidiaries (collectively "Zions Bancorporation, N.A.," "the Bank," "we," "our," "us"); and
- Statements preceded or followed by, or that include the words "may," "might," "can," "continue," "could," "should," "would," "believe," "anticipate," "estimate," "forecasts," "expect," "intend," "target," "commit," "design," "plan," "projects," "will," and the negative thereof and similar words and expressions.

Forward-looking statements are not guarantees, nor should they be relied upon as representing management's views as of any subsequent date. Actual results and outcomes may differ materially from those presented. Although the following list is not comprehensive, important factors that may cause material differences include:

- The quality and composition of our loan and securities portfolios and the quality and composition of our deposits;
- Changes in general industry, political and economic conditions, including continued elevated inflation, economic slowdown or recession, or other economic disruptions; changes in interest and reference rates which could adversely affect our revenue and expenses, the value of assets and obligations, and the availability and cost of capital and liquidity; deterioration in economic conditions that may result in increased loan and leases losses;
- Securities and capital markets behavior, including volatility and changes in market liquidity and our ability to raise capital;
- The impact of bank failures or adverse developments at other banks on general investor sentiment regarding the stability and liquidity of banks; adverse media and other expressions of negative public opinion whether directed at us, other banks, the banking industry generally, or otherwise that may adversely affect our reputation and that of the banking industry;
- The possibility that our recorded goodwill could become impaired, which may have an adverse impact on our earnings;
- Our ability to recruit and retain talent, including increased competition for qualified candidates as a result of expanded remote-work opportunities and increased compensation expenses;
- Competitive pressures and other factors that may affect aspects of our business, such as pricing and demand for our products and services, including the impact of digital commerce and artificial intelligence;
- Our ability to complete projects and initiatives and execute on our strategic plans, manage our risks, and achieve our business objectives;
- Our ability to provide adequate oversight of our suppliers or prevent inadequate performance by third parties upon whom we rely for the delivery of various products and services;
- Our ability to develop and maintain technology, information security systems and controls designed to guard against fraud, cybersecurity, and privacy risks;

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

- Changes and uncertainties in applicable laws, and fiscal, monetary, regulatory, trade, and tax policies, and actions taken by governments, agencies, central banks, and similar organizations, including increases in bank fees, insurance assessments, capital standards, and other regulatory requirements;
- The effects of pandemics and other health emergencies that may affect our business, employees, customers, and communities;
- The effects of wars and geopolitical conflicts, and other local, national, or international disasters, crises, or conflicts that may occur in the future;
- Natural disasters that may impact our and our customer's operations and business; and
- Governmental and social responses to environmental, social, and governance issues, including those with respect to climate change.

We caution against the undue reliance on forward-looking statements, which reflect our views only as of the date they are made. Except to the extent required by law, we specifically disclaim any obligation to update any factors or to publicly announce the revisions to any forward-looking statements to reflect future events or developments.

RECENT DEVELOPMENTS

Beginning in the first quarter of 2023 and continuing into the second quarter, the banking industry, particularly regional banks, experienced weakness in bank valuations and a significant withdrawal of predominately uninsured deposits. As a result, several regional banks were closed and placed into receivership with the Federal Deposit Insurance Corporation (“FDIC”). The root causes of the bank closures generally related to weaknesses in liquidity risk, interest rate risk, and capital management.

During the second quarter of 2023, we managed the associated risks through the following actions:

- Generated deposit growth through a combination of competitive interest rates and expanded utilization of reciprocal and brokered deposit programs;
- Increased total available liquidity sources, which far exceed our level of uninsured deposits;
- Actively managed our interest rate and market risk exposures through a rebalancing of our accounting hedges for both fixed-rate available-for-sale (“AFS”) securities and variable-rate commercial loans; and
- Further strengthened our regulatory capital position through increased retained earnings.

RESULTS OF OPERATIONS

Comparisons noted below are calculated for the current quarter compared with the same prior-year period unless otherwise specified. Growth rates of 100% or more are considered not meaningful (“NM”) as they generally reflect a low starting point.

Executive Summary

Our financial results in the second quarter of 2023 reflected solid sequential customer deposit growth and continued strong credit quality. Diluted earnings per share (“EPS”) was \$1.11, compared with \$1.29 in the second quarter of 2022, as an increase in noninterest income was offset by higher noninterest expense and provision for credit losses.

Net interest income remained relatively stable at \$591 million, compared with the prior year quarter, as higher earning asset yields were offset by an increase in interest paid on deposits and short-term borrowings. Net interest income was also impacted by a reduction in interest-earning assets and a significant increase in interest-bearing liabilities. The net interest margin (“NIM”) was 2.92%, compared with 2.87%.

The provision for credit losses was \$46 million, compared with a \$41 million provision in the prior year period, reflecting deterioration in economic forecasts.

Total customer-related noninterest income increased \$8 million, or 5%, compared with the prior year period. The increase was driven primarily by improved commercial account activity, including treasury management fees, as well as loan syndication, swaps, and other capital markets income. Total noninterest income increased \$17 million, or 10%, primarily due to a \$13 million gain on the sale of a bank-owned property.

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

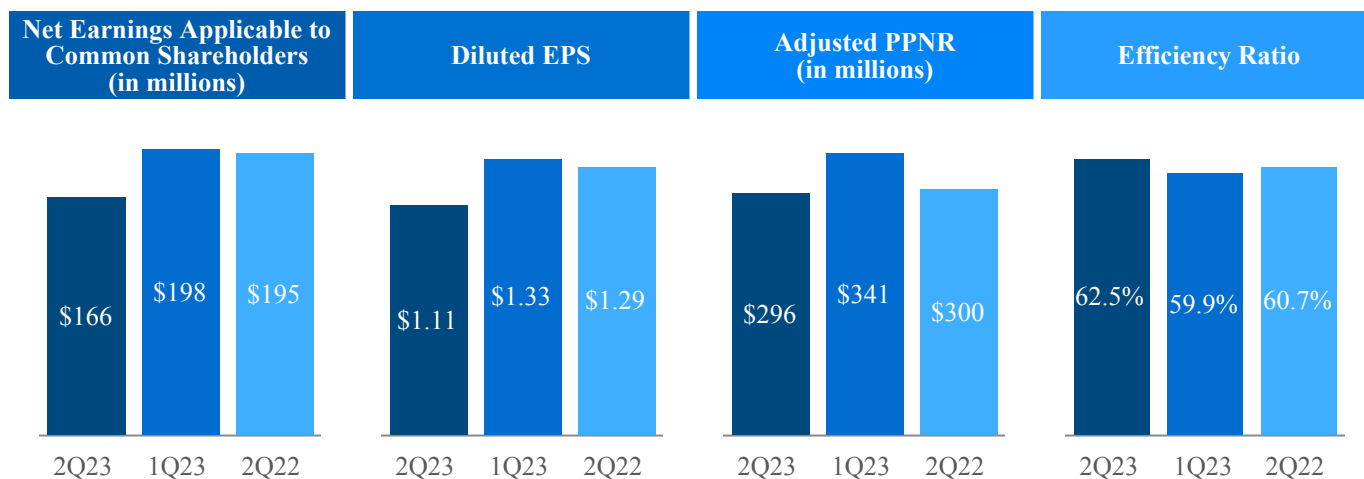
Total noninterest expense increased \$44 million, or 9%, relative to the prior year quarter, driven largely by an increase in salaries and benefits expense of \$17 million, or 6%, primarily due to \$13 million in severance expense during the current quarter. Our efficiency ratio was 62.5%, compared with 60.7%, as growth in adjusted noninterest expense outpaced growth in adjusted taxable-equivalent revenue.

Average interest-earning assets decreased \$1.5 billion, or 2%, from the prior year quarter, driven by declines of \$4.5 billion and \$2.0 billion in average securities and average money market investments, respectively, and partially offset by an increase of \$4.9 billion in average loans and leases. Average interest-bearing liabilities increased \$11.2 billion, or 27%, from the prior year quarter, driven by increases of \$7.5 billion and \$3.7 billion in average short-term borrowings and average federal funds purchased and security repurchase agreements, respectively.

Total loans and leases increased \$4.5 billion, or 9%, to \$56.9 billion. The increase was primarily in the consumer 1-4 family residential mortgage, commercial and industrial, commercial real estate term, and consumer construction loan portfolios. Nonperforming assets decreased \$37 million, or 18%, and classified loans decreased \$241 million, or 24%. Net loan and lease charge-offs totaled \$13 million, compared with \$9 million, in the prior year quarter.

Total deposits decreased \$4.7 billion, or 6%, from the prior year quarter, mainly due to decreases in larger-balance and more rate-sensitive deposits during the first quarter of 2023. Total deposits increased \$5.1 billion, or 7%, from March 31, 2023, due to increases of \$3.1 billion and \$2.0 billion in brokered and customer deposits, respectively. At June 30, 2023, total customer deposits included approximately \$3.4 billion from reciprocal placement products. Borrowed funds, consisting primarily of secured borrowings from the Federal Home Loan Bank (“FHLB”), increased \$4.4 billion from the prior year quarter in response to loan growth and the decline in noninterest-bearing deposits.

Second Quarter 2023 Financial Performance



<p>Net earnings applicable to common shareholders decreased from the second quarter of 2022, primarily due to an increase in noninterest expense, driven largely by severance and higher FDIC insurance costs. This increase was partially offset by growth in noninterest income. The decrease from the first quarter of 2023 reflected a decrease in interest-earning assets, an increase in interest-bearing liabilities, and an increase in associated funding costs.</p>	<p>Diluted earnings per share declined from the second quarter of 2022 primarily as a result of decreased net earnings applicable to common shareholders.</p>	<p>Adjusted pre-provision net revenue (“PPNR”) decreased from the second quarter of 2022, primarily due to higher adjusted noninterest expense, which was driven largely by higher FDIC insurance costs. This increase was largely offset by higher adjusted taxable-equivalent revenue.</p>	<p>The efficiency ratio increased from the prior year quarter, as growth in adjusted noninterest expense exceeded growth in adjusted taxable-equivalent revenue.</p>
---	---	--	--

Net Interest Income and Net Interest Margin
NET INTEREST INCOME AND NET INTEREST MARGIN

<i>(Dollar amounts in millions)</i>	Three Months Ended June 30,		Amount change	Percent change	Six Months Ended June 30,		Amount change	Percent change
	2023	2022			2023	2022		
Interest and fees on loans ¹	\$ 791	\$ 468	\$ 323	69 %	\$ 1,517	\$ 905	\$ 612	68 %
Interest on money market investments	48	12	36	NM	105	18	87	NM
Interest on securities	138	128	10	8	275	240	35	15
Total interest income	977	608	369	61	1,897	1,163	734	63
Interest on deposits	220	7	213	NM	302	13	289	NM
Interest on short- and long-term borrowings	166	8	158	NM	325	13	312	NM
Total interest expense	386	15	371	NM	627	26	601	NM
Net interest income	\$ 591	\$ 593	\$ (2)	— %	\$ 1,270	\$ 1,137	\$ 133	12 %
Average interest-earning assets	\$82,500	\$84,041	\$ (1,541)	(2)%	\$83,161	\$85,061	\$ (1,900)	(2)%
Average interest-bearing liabilities	\$52,453	\$41,234	\$ 11,219	27 %	\$50,742	\$41,683	\$ 9,059	22 %
			bps				bps	
Yield on interest-earning assets ²	4.81 %	2.94 %	187		4.65 %	2.80 %	185	
Rate paid on total deposits and interest-bearing liabilities ²	1.88 %	0.07 %	181		1.54 %	0.06 %	148	
Cost of total deposits ²	1.27 %	0.03 %	124		0.87 %	0.03 %	84	
Net interest margin ²	2.92 %	2.87 %	5		3.13 %	2.73 %	40	

¹ Includes interest income recoveries of \$2 million and \$4 million for the three months ended, and \$4 million and \$6 million for the six months ended June 30, 2023, and 2022, respectively.

² Rates are calculated using amounts in thousands; taxable-equivalent rates are used where applicable.

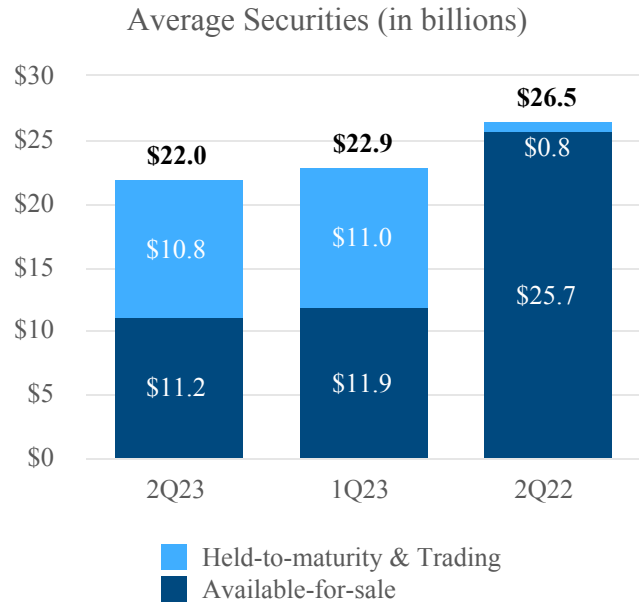
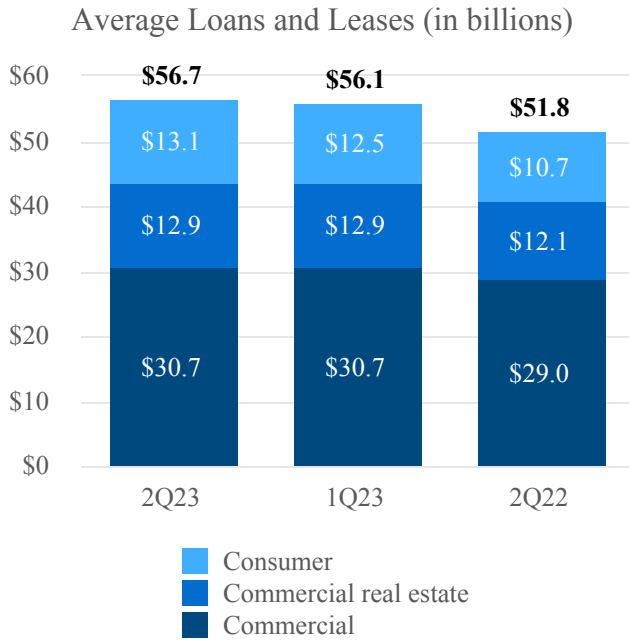
Net interest income accounted for approximately 76% of our net revenue (net interest income plus noninterest income) for the current quarter and remained relatively stable compared with the prior year quarter, as higher earning asset yields were offset by an increase in interest paid on deposits and short-term borrowings. Net interest income was also impacted by a reduction in interest-earning assets and a significant increase in interest-bearing liabilities.

Average interest-earning assets decreased \$1.5 billion, or 2%, from the prior year quarter, driven by declines of \$4.5 billion and \$2.0 billion in average securities and average money market investments, respectively, and was partially offset by an increase of \$4.9 billion in average loans and leases. The decline in average securities was primarily due to payments and maturities.

Average interest-bearing liabilities increased \$11.2 billion, or 27%, from the prior year quarter, driven by increases of \$7.5 billion and \$3.7 billion in average short-term borrowings and average federal funds purchased and security repurchase agreements, respectively. The increase in borrowed funds helped to balance loan growth and the decline in noninterest-bearing deposits.

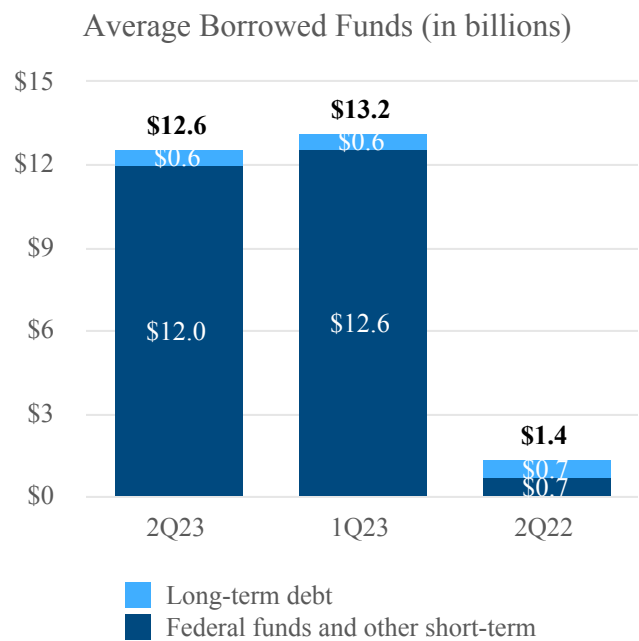
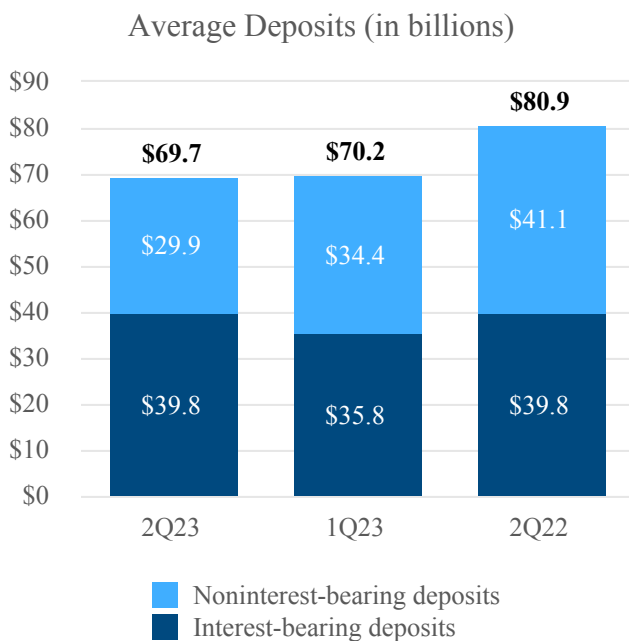
The NIM was 2.92%, compared with 2.87%. The yield on average interest-earning assets was 4.81% in the second quarter of 2023, an increase of 187 basis points (“bps”), reflecting higher interest rates and a favorable mix change from money market investments to loans. The yield on average loans increased 198 basis points to 5.65%, and the yield on average securities increased 59 basis points to 2.56%. The yield on average securities benefited from a decrease in the market value of AFS securities due to rising interest rates. The rate paid on average interest-bearing liabilities increased to 2.95%, compared with 0.14%, reflecting the higher interest rate environment, competitive pricing, and increased borrowed funds.

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES



Average loans and leases increased \$4.9 billion, or 9%, to \$56.7 billion, mainly due to growth in average consumer and commercial loans. The yield on total loans increased 198 basis points to 5.65%, reflecting the higher interest rate environment.

Average securities decreased \$4.5 billion, or 17%, to \$22.0 billion, primarily due to approximately \$3.6 billion in principal reductions. During the fourth quarter of 2022, we transferred approximately \$10.7 billion fair value (\$13.1 billion amortized cost) of mortgage-backed AFS securities to the held-to-maturity (“HTM”) category to reflect our intent for these securities.



[Table of Contents](#)

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

Average deposits decreased \$11.2 billion, or 14%, to \$69.7 billion at an average cost of 1.27%, from \$80.9 billion at an average cost of 0.03% in the second quarter of 2022. Average noninterest-bearing deposits as a percentage of total deposits were 43%, compared with 51% during the same prior year period.

The decrease in average deposits was driven by a decline in average noninterest-bearing deposits as interest rates increased. In recent years, particularly during the COVID-19 pandemic, we experienced a significant influx of deposits, which was impacted by considerable fiscal and monetary policy decisions. During the prior year, with the withdrawal of stimulus by the federal government, our deposits began to decline to more normalized levels. This trend accelerated with prominent bank failures during the first quarter of 2023 and abated during the second quarter of 2023, with period-end deposits increasing meaningfully from March 31, 2023 to June 30, 2023. Total deposits have remained above pre-pandemic (December 31, 2019) levels during 2023.

Average borrowed funds, consisting primarily of secured borrowings from the FHLB, increased \$11.2 billion from the prior year quarter in response to loan growth and the decline in noninterest-bearing deposits.

For more information on our investments securities portfolio and borrowed funds and how we manage liquidity risk, refer to the “Investment Securities Portfolio” section on page 16 and the “Liquidity Risk Management” section on page 31. For further discussion of the effects of market rates on net interest income and how we manage interest rate risk, refer to the “Interest Rate and Market Risk Management” section on page 27.

The following schedule summarizes the average balances, the amount of interest earned or paid, and the applicable yields for interest-earning assets and the costs of interest-bearing liabilities.

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

CONSOLIDATED AVERAGE BALANCE SHEETS, YIELDS AND RATES

(Unaudited)	Three Months Ended June 30, 2023			Three Months Ended June 30, 2022		
	Average balance	Amount of interest ¹	Average yield/rate ¹	Average balance	Amount of interest ¹	Average yield/rate ¹
<i>(Dollar amounts in millions)</i>						
ASSETS						
Money market investments:						
Interest-bearing deposits	\$ 2,899	\$ 37	5.08 %	\$ 3,113	\$ 5	0.66 %
Federal funds sold and securities purchased under agreements to resell	784	11	5.65	2,542	7	1.13
Total money market investments	<u>3,683</u>	<u>48</u>	5.20	<u>5,655</u>	<u>12</u>	0.87
Securities:						
Held-to-maturity	10,833	60	2.24	485	4	2.96
Available-for-sale ²	11,180	80	2.85	25,722	123	1.91
Trading	52	1	4.78	357	4	5.07
Total securities	<u>22,065</u>	<u>141</u>	2.56	<u>26,564</u>	<u>131</u>	1.97
Loans held for sale	73	1	7.08	38	—	0.72
Loans and leases						
Commercial	30,650	417	5.46	28,952	275	3.81
Commercial real estate	12,933	225	6.97	12,098	112	3.69
Consumer	13,096	156	4.80	10,734	87	3.24
Total loans and leases	<u>56,679</u>	<u>798</u>	5.65	<u>51,784</u>	<u>474</u>	3.67
Total interest-earning assets	<u>82,500</u>	<u>988</u>	4.81	<u>84,041</u>	<u>617</u>	2.94
Cash and due from banks	653			617		
Allowance for credit losses on loans and debt securities	(619)			(480)		
Goodwill and intangibles	1,063			1,015		
Other assets	5,524			4,712		
Total assets	<u>\$ 89,121</u>			<u>\$ 89,905</u>		
LIABILITIES AND SHAREHOLDERS' EQUITY						
Interest-bearing deposits:						
Savings and money market	\$ 30,325	\$ 113	1.49 %	\$ 38,325	\$ 6	0.06 %
Time	9,494	107	4.55	1,488	1	0.24
Total interest-bearing deposits	<u>39,819</u>	<u>220</u>	2.22	<u>39,813</u>	<u>7</u>	0.07
Borrowed funds:						
Federal funds and security repurchase agreements	4,423	57	5.11	737	1	0.70
Other short-term borrowings	7,575	100	5.28	6	—	—
Long-term debt	636	9	5.97	678	7	3.79
Total borrowed funds	<u>12,634</u>	<u>166</u>	5.26	<u>1,421</u>	<u>8</u>	2.17
Total interest-bearing liabilities	<u>52,453</u>	<u>386</u>	2.95	<u>41,234</u>	<u>15</u>	0.14
Noninterest-bearing demand deposits	29,830			41,074		
Other liabilities	1,580			1,575		
Total liabilities	<u>83,863</u>			<u>83,883</u>		
Shareholders' equity:						
Preferred equity	440			440		
Common equity	4,818			5,582		
Total shareholders' equity	<u>5,258</u>			<u>6,022</u>		
Total liabilities and shareholders' equity	<u>\$ 89,121</u>			<u>\$ 89,905</u>		
Spread on average interest-bearing funds			1.86 %			2.80 %
Net impact of noninterest-bearing sources of funds			1.06 %			0.07 %
Net interest margin		\$ 602	2.92 %		\$ 602	2.87 %
Memo: total cost of deposits			1.27 %			0.03 %
Memo: total deposits and interest-bearing liabilities	\$ 82,283	386	1.88 %	\$ 82,308	15	0.07 %

¹ Rates are calculated using amounts in thousands and a tax rate of 21% for the periods presented.

² Net of unamortized purchase premiums, discounts, and deferred loan fees and costs.

[Table of Contents](#)

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

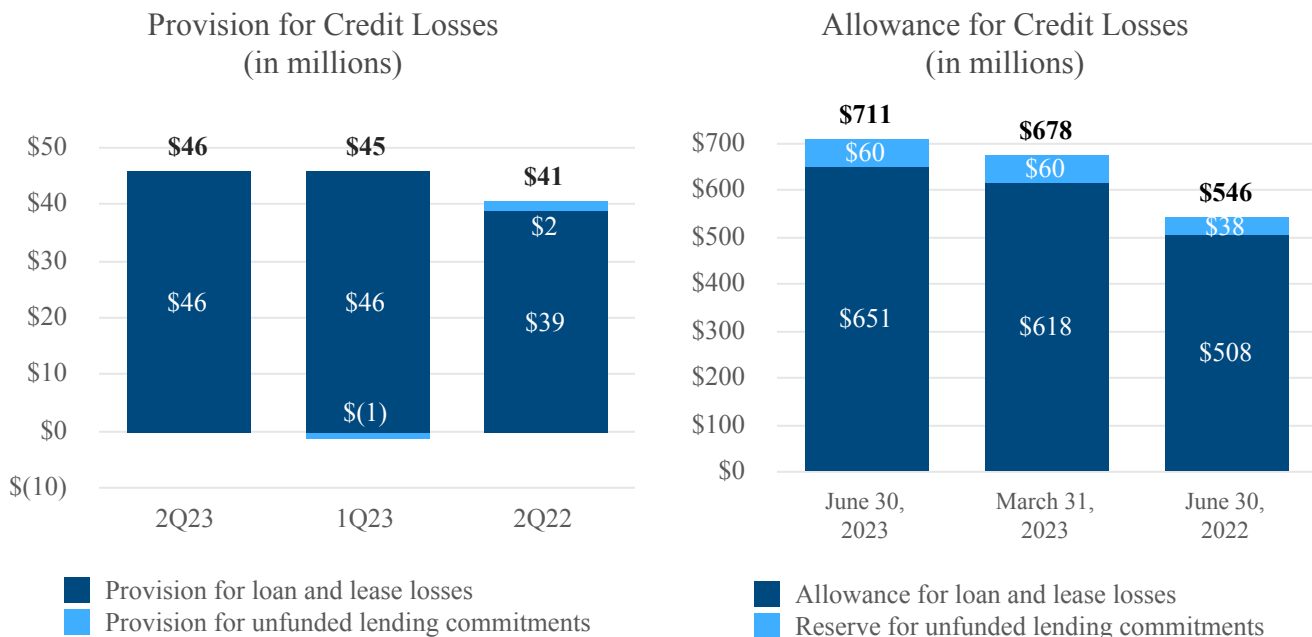
	Six Months Ended June 30, 2023			Six Months Ended June 30, 2022		
	Average balance	Amount of interest ¹	Average yield/rate ¹	Average balance	Amount of interest ¹	Average yield/rate ¹
<i>(Dollar amounts in millions)</i>						
ASSETS						
Money market investments:						
Interest-bearing deposits	\$ 2,771	\$ 68	4.98 %	\$ 4,914	\$ 8	0.34 %
Federal funds sold and securities purchased under agreements to resell	1,428	37	5.19	2,422	10	0.84
Total money market investments	4,199	105	5.05	7,336	18	0.50
Securities:						
Held-to-maturity	10,928	122	2.26	462	7	3.04
Available-for-sale ²	11,500	156	2.73	25,485	229	1.81
Trading	78	1	2.14	370	9	4.91
Total securities	22,506	279	2.50	26,317	245	1.88
Loans held for sale	39	1	6.67	48	—	1.44
Loans and leases						
Commercial	30,664	798	5.25	28,725	535	3.76
Commercial real estate	12,904	434	6.78	12,134	213	3.53
Consumer	12,849	300	4.71	10,501	169	3.24
Total loans and leases	56,417	1,532	5.48	51,360	917	3.60
Total interest-earning assets	83,161	1,917	4.65	85,061	1,180	2.80
Cash and due from banks	598			621		
Allowance for credit losses on loans and debt securities	(597)			(497)		
Goodwill and intangibles	1,064			1,015		
Other assets	5,574			4,463		
Total assets	<u>\$ 89,800</u>			<u>\$ 90,663</u>		
LIABILITIES AND SHAREHOLDERS' EQUITY						
Interest-bearing deposits:						
Savings and money market	\$ 31,585	\$ 175	1.12 %	\$ 38,726	\$ 11	0.05 %
Time	6,232	127	4.11	1,538	2	0.25
Total interest-bearing deposits	37,817	302	1.61	40,264	13	0.06
Borrowed funds:						
Federal funds and security repurchase agreements	5,015	121	4.85	661	1	0.43
Other short-term borrowings	7,266	184	5.09	8	—	—
Long-term debt	644	20	6.42	750	12	3.17
Total borrowed funds	12,925	325	5.07	1,419	13	1.88
Total interest-bearing liabilities	50,742	627	2.49	41,683	26	0.12
Noninterest-bearing demand deposits	32,084			40,980		
Other liabilities	1,817			1,422		
Total liabilities	84,643			84,085		
Shareholders' equity:						
Preferred equity	440			440		
Common equity	4,717			6,138		
Total shareholders' equity	5,157			6,578		
Total liabilities and shareholders' equity	<u>\$ 89,800</u>			<u>\$ 90,663</u>		
Spread on average interest-bearing funds			2.16 %			2.68 %
Net impact of noninterest-bearing sources of funds			0.97 %			0.05 %
Net interest margin		\$ 1,290	3.13 %		\$ 1,154	2.73 %
Memo: total cost of deposits			0.87 %			0.03 %
Memo: total deposits and interest-bearing liabilities	\$ 82,826	627	1.54 %	\$ 82,663	26	0.06 %

¹ Rates are calculated using amounts in thousands and a tax rate of 21% for the periods presented.

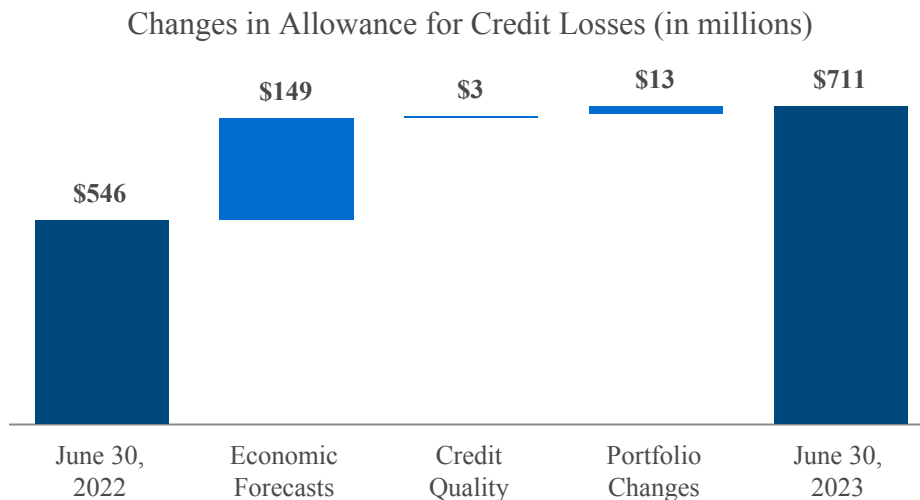
² Net of unamortized purchase premiums, discounts, and deferred loan fees and costs.

Provision for Credit Losses

The allowance for credit losses (“ACL”) is the combination of both the allowance for loan and lease losses (“ALLL”) and the reserve for unfunded lending commitments (“RULC”). The ALLL represents the estimated current expected credit losses related to the loan and lease portfolio as of the balance sheet date. The RULC represents the estimated reserve for current expected credit losses associated with off-balance sheet commitments. Changes in the ALLL and RULC, net of charge-offs and recoveries, are recorded as the provision for loan and lease losses and the provision for unfunded lending commitments, respectively, in the income statement. The ACL for debt securities is estimated separately from loans and is recorded in investment securities on the consolidated balance sheet.



The provision for credit losses, which is the combination of both the provision for loan and lease losses and the provision for unfunded lending commitments, was \$46 million, compared with \$41 million in the second quarter of 2022. The ACL was \$711 million at June 30, 2023, compared with \$546 million at June 30, 2022. The increase in the ACL was primarily due to deterioration in economic forecasts. The ratio of ACL to total loans and leases was 1.25% and 1.04% at June 30, 2023 and 2022, respectively. The provision for securities losses was less than \$1 million during the second quarter of 2023 and 2022.



ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

The bar chart above illustrates the broad categories of change in the ACL from the prior year period. The second bar represents changes in economic forecasts and current economic conditions, which increased the ACL by \$149 million from the prior year quarter.

The third bar represents changes in credit quality factors and includes risk-grade migration and specific reserves against loans, which, when combined, increased the ACL by \$3 million, reflecting relatively stable credit quality. Nonperforming assets decreased \$37 million, or 18%, and classified loans decreased \$241 million, or 24%. Net loan and lease charge-offs totaled \$13 million, or 0.09% annualized of average loans, compared with net charge-offs of \$9 million, or 0.07% annualized of average loans in the prior year quarter.

The fourth bar represents loan portfolio changes, driven primarily by loan growth, as well as changes in portfolio mix, the aging of the portfolio, and other risk factors; all of which resulted in a \$13 million increase in the ACL.

See “Credit Risk Management” on page 20 and Note 6 in our 2022 Form 10-K for more information on how we determine the appropriate level of the ALLL and the RULC.

Noninterest Income

Noninterest income represents revenue earned from products and services that generally have no associated interest rate or yield and is classified as either customer-related or noncustomer-related. Customer-related noninterest income excludes items such as securities gains and losses, dividends, insurance-related income, and mark-to-market adjustments on certain derivatives.

Total noninterest income increased \$17 million, or 10%, relative to the prior year. Noninterest income accounted for approximately 24% and 22% of our net revenue during the second quarter of 2023 and 2022, respectively. The following schedule presents a comparison of the major components of noninterest income.

NONINTEREST INCOME

<i>(Dollar amounts in millions)</i>	Three Months Ended June 30,		Amount change	Percent change	Six Months Ended June 30,		Amount change	Percent change
	2023	2022			2023	2022		
Commercial account fees	\$ 45	\$ 37	\$ 8	22 %	\$ 88	\$ 78	\$ 10	13 %
Card fees	25	25	—	—	49	50	(1)	(2)
Retail and business banking fees	16	20	(4)	(20)	32	40	(8)	(20)
Loan-related fees and income	19	21	(2)	(10)	40	43	(3)	(7)
Capital markets fees	27	21	6	29	44	36	8	22
Wealth management fees	14	13	1	8	29	27	2	7
Other customer-related fees	16	17	(1)	(6)	31	31	—	—
Customer-related noninterest income	162	154	8	5	313	305	8	3
Fair value and nonhedge derivative income	1	10	(9)	(90)	(2)	16	(18)	NM
Dividends and other income (loss)	26	7	19	NM	37	9	28	NM
Securities gains (losses), net	—	1	(1)	NM	1	(16)	17	NM
Noncustomer-related noninterest income	27	18	9	50	36	9	27	NM
Total noninterest income	\$ 189	\$ 172	\$ 17	10 %	\$ 349	\$ 314	\$ 35	11 %

Customer-related Noninterest Income

Total customer-related noninterest income increased \$8 million, or 5%, compared with the prior year period. The increase was driven primarily by improved commercial account activity, including treasury management fees, as well as loan syndication, swaps, and other capital markets income. Retail and business banking fees decreased largely as a result of a change in our overdraft and non-sufficient funds practices effected during the third quarter of 2022.

Noncustomer-related Noninterest Income

Total noncustomer-related noninterest income increased \$9 million from the prior year quarter. Dividends and other income increased \$19 million, primarily due to a \$13 million gain on the sale of a bank-owned property, as well as an increase in dividends on FHLB stock. These increases were offset by a \$9 million decrease in fair value and nonhedge derivative income, primarily due to a \$10 million credit valuation adjustment (“CVA”) gain in the prior year period.

Noninterest Expense

The following schedule presents a comparison of the major components of noninterest expense.

NONINTEREST EXPENSE

(Dollar amounts in millions)	Three Months Ended June 30,		Amount change	Percent change	Six Months Ended June 30,		Amount change	Percent change
	2023	2022			2023	2022		
Salaries and employee benefits	\$ 324	\$ 307	\$ 17	6 %	\$ 663	\$ 619	\$ 44	7 %
Technology, telecom, and information processing	58	53	5	9	113	105	8	8
Occupancy and equipment, net	40	36	4	11	80	74	6	8
Professional and legal services	16	14	2	14	29	28	1	4
Marketing and business development	13	9	4	44	25	17	8	47
Deposit insurance and regulatory expense	22	13	9	69	40	23	17	74
Credit-related expense	7	7	—	—	13	14	(1)	(7)
Other real estate expense, net	—	—	—	NM	—	1	(1)	NM
Other	28	25	3	12	57	47	10	21
Total noninterest expense	\$ 508	\$ 464	\$ 44	9 %	\$ 1,020	\$ 928	\$ 92	10 %
Adjusted noninterest expense ¹	\$ 494	\$ 463	\$ 31	7 %	\$ 1,003	\$ 927	\$ 76	8 %

¹ For information on non-GAAP financial measures, see “Non-GAAP Financial Measures” on page 35.

Total noninterest expense increased \$44 million, or 9%, relative to the prior year quarter. Salaries and benefits expense increased \$17 million, or 6%, primarily due to \$13 million in severance expense during the current quarter, reflecting our commitment to manage expenses.

Deposit insurance and regulatory expense increased \$9 million, or 69%, driven largely by an increased FDIC insurance base rate beginning in 2023 and changes in balance sheet composition. In May 2023, the FDIC issued a Notice of Proposed Rulemaking, which would implement a special assessment to recover the cost associated with protecting uninsured depositors following the closures of Silicon Valley Bank and Signature Bank. Using an assessment base equal to the estimated amount of uninsured deposits at December 31, 2022, the FDIC proposed to collect the special assessment at an annual rate of approximately 12.5 bps over eight quarterly periods, beginning the first quarter of 2024. As proposed, we estimate the total impact of the special assessment on our deposit insurance and regulatory expense would be approximately \$80 million. At June 30, 2023, we had not accrued for any portion of this estimated amount. The ultimate impact and timing of expense recognition will depend on the final rule, which is not expected until late 2023.

Technology, telecom, and information processing expense increased \$5 million, or 9%, primarily due to increases in application software, maintenance, and related amortization expenses. The efficiency ratio was 62.5%, compared with 60.7%, as growth in adjusted noninterest expense outpaced growth in adjusted taxable-equivalent revenue. For information on non-GAAP financial measures, see page 35.

Technology Spend

Technology spend represents expenditures associated with technology-related investments, operations, systems, and infrastructure, and includes current period expenses reported on our consolidated statement of income, and capitalized investments, net of related amortization and depreciation, reported on our consolidated balance sheet. Technology spend is reported as a combination of the following:

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

- *Technology, telecom, and information processing expense* — includes expenses related to application software licensing and maintenance, related amortization, telecommunications, and data processing;
- *Other technology-related expense* — includes related noncapitalized salaries and employee benefits, occupancy and equipment, and professional and legal services; and
- *Technology investments* — includes capitalized technology infrastructure equipment, hardware, and purchased or internally developed software, less related amortization or depreciation.

The following schedule presents the composition of our technology spend:

TECHNOLOGY SPEND

<i>(In millions)</i>	Three Months Ended June 30,		Amount change	Percent change	Six Months Ended June 30,		Amount change	Percent change
	2023	2022			2023	2022		
Technology, telecom, and information processing expense	\$ 58	\$ 53	\$ 5	9 %	\$ 113	\$ 105	\$ 8	8 %
Other technology-related expense	56	51	5	10	110	100	10	10
Technology investments	23	22	1	5	49	44	5	11
Less: related amortization and depreciation	(16)	(13)	(3)	23	(30)	(27)	(3)	11
Total technology spend	<u>\$ 121</u>	<u>\$ 113</u>	<u>\$ 8</u>	<u>7 %</u>	<u>\$ 242</u>	<u>\$ 222</u>	<u>\$ 20</u>	<u>9 %</u>

Total technology spend increased \$8 million relative to the prior year quarter, largely due to technology-related compensation, investments in application resiliency, and increases in application software and maintenance expense.

Income Taxes

The following schedule summarizes the income tax expense and effective tax rates for the periods presented.

INCOME TAXES

<i>(Dollar amounts in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Income before income taxes	\$ 226	\$ 260	\$ 508	\$ 515
Income tax expense	51	57	129	109
Effective tax rate	22.6 %	21.9 %	25.4 %	21.2 %

The effective tax rate was 22.6% and 21.9% for the three months ended June 30, 2023 and 2022, respectively. See Note 12 of the Notes to Consolidated Financial Statements for more information about the factors that impacted the income tax rates, as well as information about deferred income tax assets and liabilities, and valuation allowances.

Preferred Stock Dividends

Preferred stock dividends totaled \$9 million and \$8 million for the second quarter of 2023 and 2022, respectively.

BALANCE SHEET ANALYSIS
Interest-Earning Assets

Interest-earning assets have associated interest rates or yields, and generally consist of money market investments, securities, loans, and leases. We strive to maintain a high level of interest-earning assets relative to total assets. For more information regarding the average balances, associated revenue generated, and the respective yields of our interest-earning assets, see the Consolidated Average Balance Sheet on page 10.

Investment Securities Portfolio

We invest in securities to actively manage liquidity and interest rate risk and to generate interest income. We primarily own securities that can readily provide us with cash and liquidity through secured borrowing agreements without the need to sell the securities. We also manage the duration extension risk of our investment securities portfolio. At June 30, 2023, the estimated duration of our securities portfolio decreased to 3.7 years, compared with 4.1 years at December 31, 2022, and 3.9 years at June 30, 2022, primarily due to the addition of certain portfolio layer method fair value hedges. See Note 7 for more information on these fair value hedges. This duration helps to manage the inherent interest rate mismatch between loans and deposits, as fixed-rate term investments facilitate the balancing of asset and liability durations, as well as protect the economic value of shareholders' equity.

For information about our borrowing capacity associated with the investment securities portfolio and how we manage our liquidity risk, refer to the “Liquidity Risk Management” section on page 31. See also Note 3 and Note 5 of the Notes to Consolidated Financial Statements for more information on fair value measurements and the accounting for our investment securities portfolio.

The following schedule presents the major components of our investment securities portfolio.

INVESTMENT SECURITIES PORTFOLIO

(In millions)	June 30, 2023			December 31, 2022		
	Par Value	Amortized cost	Fair value	Par Value	Amortized cost	Fair value
Held-to-maturity						
U.S. Government agencies and corporations:						
Agency securities	\$ 96	\$ 96	\$ 90	\$ 100	\$ 100	\$ 93
Agency guaranteed mortgage-backed securities ¹	12,456	10,289	10,335	12,921	10,621	10,772
Municipal securities	368	368	343	404	405	374
Total held-to-maturity	12,920	10,753	10,768	13,425	11,126	11,239
Available-for-sale						
U.S. Treasury securities	565	565	475	555	557	393
U.S. Government agencies and corporations:						
Agency securities	724	717	677	790	782	736
Agency guaranteed mortgage-backed securities	8,913	8,991	7,647	9,566	9,652	8,367
Small Business Administration loan-backed securities	604	646	619	691	740	712
Municipal securities	1,350	1,480	1,391	1,571	1,732	1,634
Other debt securities	25	25	23	75	75	73
Total available-for-sale	12,181	12,424	10,832	13,248	13,538	11,915
Total HTM and AFS investment securities	<u>\$ 25,101</u>	<u>\$ 23,177</u>	<u>\$ 21,600</u>	<u>\$ 26,673</u>	<u>\$ 24,664</u>	<u>\$ 23,154</u>

¹ During the fourth quarter of 2022, we transferred approximately \$10.7 billion fair value (\$13.1 billion amortized cost) of mortgage-backed AFS securities to the HTM category. The transfer of these securities from AFS to HTM at fair value resulted in a discount to the amortized cost basis of the HTM securities equivalent to the \$2.4 billion (\$1.8 billion after tax) of unrealized losses in AOCI attributable to these securities. The amortization of the unrealized losses will offset the effect of the accretion of the discount created by the transfer. At June 30, 2023, the unamortized discount on the HTM securities totaled approximately \$2.2 billion (\$1.7 billion after tax).

The amortized cost of total HTM and AFS investment securities decreased \$1.5 billion, or 6%, from December 31, 2022, primarily due to payments and maturities. Approximately 8% of the total HTM and AFS investment securities were floating-rate instruments at both June 30, 2023 and December 31, 2022, respectively. Additionally, at June 30, 2023, we have \$3.6 billion of pay-fixed swaps held as fair value hedges against fixed-rate AFS securities that effectively convert the fixed interest income to a floating rate on the hedged portion of the securities.

At June 30, 2023, the AFS investment securities portfolio included approximately \$243 million of net premium that was distributed across the various security categories. Total taxable-equivalent premium amortization for these investment securities was \$22 million for the second quarter of 2023, compared with \$27 million for the same prior year period.

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

In addition to HTM and AFS securities, we also have a trading securities portfolio that totaled \$32 million at June 30, 2023, compared with \$465 million at December 31, 2022. The prior year-end amount included \$395 million of money market mutual sweep accounts. Beginning in the first quarter of 2023, related sweep balances were presented in “Money market investments” on the consolidated balance sheet.

Refer to the “Interest Rate Risk Management” section on page 27, the “Capital Management” section on page 33, and Note 5 of the Notes to Consolidated Financial Statements for more discussion regarding our investment securities portfolio, swaps, and related unrealized gains and losses.

Municipal Investments and Extensions of Credit

We support our communities by providing products and services to state and local governments (“municipalities”), including deposit services, loans, and investment banking services. We also invest in securities issued by municipalities. Our municipal lending products generally include loans in which the debt service is repaid from general funds or pledged revenues of the municipal entity, or to private commercial entities or 501(c)(3) not-for-profit entities utilizing a pass-through municipal entity to achieve favorable tax treatment.

The following schedule summarizes our total investments and extensions of credit to municipalities:

MUNICIPAL INVESTMENTS AND EXTENSIONS OF CREDIT

<i>(In millions)</i>	June 30, 2023	December 31, 2022
Loans and leases	\$ 4,354	\$ 4,361
Held-to-maturity securities	368	405
Available-for-sale securities	1,391	1,634
Trading securities	32	71
Unfunded lending commitments	361	406
Total	\$ 6,506	\$ 6,877

Our municipal loans and securities are primarily associated with municipalities located within our geographic footprint. The municipal loan and lease portfolio is primarily secured by general obligations of municipal entities. Other types of collateral also include real estate, revenue pledges, or equipment. At June 30, 2023, we had no municipal loans on nonaccrual.

Municipal securities are internally graded, similar to loans, using risk-grading systems which vary based on the size and type of credit risk exposure. The internal risk grades assigned to our municipal securities follow our definitions of Pass, Special Mention, and Substandard, which are consistent with published definitions of regulatory risk classifications. At June 30, 2023, all municipal securities were graded as Pass. See Notes 5 and 6 of the Notes to Consolidated Financial Statements for additional information about the credit quality of these municipal loans and securities.

Loan and Lease Portfolio

We provide a wide range of lending products to commercial customers, generally small- and medium-sized businesses. We also provide various retail lending products and services to consumers and small businesses. The following schedule presents the composition of our loan and lease portfolio.

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

LOAN AND LEASE PORTFOLIO

<i>(Dollar amounts in millions)</i>	June 30, 2023		December 31, 2022	
	Amount	% of total loans	Amount	% of total loans
Commercial:				
Commercial and industrial	\$ 16,622	29.2 %	\$ 16,377	29.4 %
Leasing	388	0.7	386	0.7
Owner-occupied	9,328	16.4	9,371	16.8
Municipal	4,354	7.6	4,361	7.8
Total commercial	30,692	53.9	30,495	54.8
Commercial real estate:				
Construction and land development	2,498	4.4	2,513	4.5
Term	10,406	18.3	10,226	18.4
Total commercial real estate	12,904	22.7	12,739	22.9
Consumer:				
Home equity credit line	3,291	5.8	3,377	6.1
1-4 family residential	7,980	14.0	7,286	13.1
Construction and other consumer real estate	1,434	2.5	1,161	2.1
Bankcard and other revolving plans	466	0.8	471	0.8
Other	150	0.3	124	0.2
Total consumer	13,321	23.4	12,419	22.3
Total loans and leases	\$ 56,917	100.0 %	\$ 55,653	100.0 %

At June 30, 2023 and December 31, 2022, the ratio of loans and leases to total assets was 65% and 62%, respectively. The largest loan category was commercial and industrial loans, which constituted 29% of our total loan portfolio at both time periods.

During the first six months of 2023, the loan and lease portfolio increased \$1.3 billion, or 2%, to \$56.9 billion at June 30, 2023, primarily due to growth of \$0.7 billion in consumer 1-4 family residential mortgage loans, driven mainly from an increased demand for adjustable-rate mortgages.

Other Noninterest-Bearing Investments

Other noninterest-bearing investments are equity investments that are held primarily for capital appreciation, dividends, or for certain regulatory requirements. The following schedule summarizes our related investments.

OTHER NONINTEREST-BEARING INVESTMENTS

<i>(Dollar amounts in millions)</i>	June 30, 2023	December 31, 2022	Amount change	Percent change
Bank-owned life insurance	\$ 549	\$ 546	\$ 3	1 %
Federal Home Loan Bank stock	111	294	(183)	(62)
Federal Reserve stock	65	68	(3)	(4)
Farmer Mac stock	21	19	2	11
SBIC investments	177	172	5	3
Other	33	31	2	6
Total other noninterest-bearing investments	\$ 956	\$ 1,130	\$ (174)	(15)%

Total other noninterest-bearing investments decreased \$174 million, or 15%, during the first six months of 2023, primarily due to a \$183 million decrease in FHLB stock. We are required to invest approximately 4% of our FHLB borrowings in FHLB stock to maintain our borrowing capacity. The decrease in FHLB stock was driven by declines in FHLB borrowings during the second quarter of 2023 in response to an increase in total deposits.

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

Premises, Equipment, and Software

We are in the final phase of a three-phase project to replace our core loan and deposit banking systems. This final phase includes the replacement of our deposit banking systems through multiple affiliate bank conversions, the first of which was completed in the second quarter of 2023. We expect to complete the remaining affiliate bank conversions in 2024.

The following schedule summarizes the capitalized costs associated with our core system replacement project, which are depreciated using a useful life of ten years.

CAPITALIZED COSTS ASSOCIATED WITH THE CORE SYSTEM REPLACEMENT PROJECT

<i>(In millions)</i>	June 30, 2023			
	Phase 1	Phase 2	Phase 3	Total
Total amount of capitalized costs, less accumulated depreciation	\$ 25	\$ 50	\$ 221	\$ 296

Deposits

Deposits are our primary funding source. In recent years, particularly during the COVID-19 pandemic, we experienced a significant influx of deposits, which was impacted by considerable fiscal and monetary policy decisions. During the prior year, with the withdrawal of stimulus by the federal government, our deposits began to decline to more normalized levels. This trend accelerated with prominent bank failures during the first quarter of 2023 and abated during the second quarter of 2023, with period-end deposits increasing meaningfully from March 31, 2023 to June 30, 2023. Total deposits have remained above pre-pandemic (December 31, 2019) levels during 2023.

The following schedule presents the composition of our deposit portfolio.

DEPOSIT PORTFOLIO

<i>(Dollar amounts in millions)</i>	June 30, 2023		March 31, 2023		December 31, 2022		December 31, 2019	
	Amount	% of total deposits	Amount	% of total deposits	Amount	% of total deposits	Amount	% of total deposits
Deposits by type								
Noninterest-bearing demand	\$28,670	38.6 %	\$30,974	44.8 %	\$35,777	49.9 %	\$23,576	41.3 %
Interest-bearing:								
Savings and money market	33,303	44.8	30,826	44.5	33,474	46.7	28,249	49.5
Time	3,897	5.2	2,024	2.9	1,484	2.1	2,451	4.3
Brokered	8,453	11.4	5,384	7.8	917	1.3	2,809	4.9
Total deposits	<u>\$74,323</u>	<u>100.0 %</u>	<u>\$69,208</u>	<u>100.0 %</u>	<u>\$71,652</u>	<u>100.0 %</u>	<u>\$57,085</u>	<u>100.0 %</u>
Deposit-related metrics								
Estimated amount of insured deposits	\$43,911	59 %	\$37,846	55 %	\$34,018	47 %	\$28,802	50 %
Estimated amount of uninsured deposits	\$30,412	41 %	\$31,362	45 %	\$37,634	53 %	\$28,283	50 %
Estimated amount of collateralized deposits ¹	\$2,679	3.6 %	\$2,708	3.9 %	\$2,861	4.0 %	\$1,928	3.4 %
Loan-to-deposit ratio	77 %		81 %		78 %		85 %	

¹ Includes both insured and uninsured deposits.

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

Total deposits increased \$5.1 billion, or 7%, from March 31, 2023, and \$2.7 billion, or 4%, from December 31, 2022. These increases were primarily due to significant growth in brokered and customer deposits, and partially offset by a decline in noninterest-bearing deposits as interest rates have risen. At June 30, 2023, total customer deposits included approximately \$3.4 billion from reciprocal placement products where we distributed our customers' deposits in a placement network to increase their FDIC insurance and in return we received a matching amount of deposits from other network banks.

At June 30, 2023, the estimated total amount of uninsured deposits was \$30.4 billion, or 41%, of total deposits, compared with \$31.4 billion, or 45%, and \$37.6 billion, or 53%, of total deposits at March 31, 2023 and December 31, 2022, respectively. Our loan-to-deposit ratio was 77%, compared with 81% and 78% for the same time periods.

See "Liquidity Risk Management" on page 31 for additional information on liquidity and borrowed funds.

RISK MANAGEMENT

Risk management is an integral part of our operations and is a key determinant of our overall performance. We employ various strategies to prudently manage the risks to which our operations are exposed, including credit risk, market and interest rate risk, liquidity risk, strategic and business risk, operational risk, technology risk, cybersecurity risk, capital/financial reporting risk, legal/compliance risk (including regulatory risk), and reputational risk. These risks are overseen by various management committees including the Enterprise Risk Management Committee. For a more comprehensive discussion of these risks, see "Risk Factors" in our 2022 Form 10-K.

Credit Risk Management

Credit risk is the possibility of loss from the failure of a borrower, guarantor, or another obligor to fully perform under the terms of a credit-related contract. Credit risk arises primarily from our lending activities, as well as from off-balance sheet credit instruments. Credit policies, credit risk management, and credit examination functions inform and support the oversight of credit risk. Our credit policies emphasize strong underwriting standards and early detection of potential problem credits in order to develop and implement action plans on a timely basis to mitigate potential losses. These formal credit policies and procedures provide us with a framework for consistent underwriting and a basis for sound credit decisions at the local banking affiliate level.

Our overall credit risk management strategy includes diversification of our loan portfolio. Our business activity is conducted primarily within the geographic footprint of our banking affiliates. We strive to avoid the risk of undue concentrations of credit in any particular industry, collateral type, location, or with any individual customer or counterparty. We have actively managed the credit risk in our commercial real estate ("CRE") portfolio for more than a decade, having reduced CRE loans to 23% of total loans, compared with 33% in late 2008. For a more comprehensive discussion of our credit risk management, see "Credit Risk Management" in our 2022 Form 10-K.

U.S. Government Agency Guaranteed Loans

We participate in various guaranteed lending programs sponsored by United States ("U.S.") government agencies, such as the Small Business Administration ("SBA"), Federal Housing Authority, U.S. Department of Veterans Affairs, Export-Import Bank of the U.S., and the U.S. Department of Agriculture. At June 30, 2023, \$593 million of related loans were guaranteed, primarily by the SBA, and included \$125 million of Paycheck Protection Program ("PPP") loans. The following schedule presents the composition of U.S. government agency guaranteed loans.

U.S. GOVERNMENT AGENCY GUARANTEED LOANS

<i>(Dollar amounts in millions)</i>	June 30, 2023	Percent guaranteed	December 31, 2022	Percent guaranteed
Commercial	\$ 703	81 %	\$ 753	83 %
Commercial real estate	24	79	21	76
Consumer	5	100	5	100
Total loans	<u>\$ 732</u>	81 %	<u>\$ 779</u>	83 %

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

Commercial Lending

The following schedule provides information regarding lending exposures to certain industries in our commercial lending portfolio.

COMMERCIAL LENDING BY INDUSTRY GROUP ¹

<i>(Dollar amounts in millions)</i>	June 30, 2023		December 31, 2022	
	Amount	Percent	Amount	Percent
Real estate, rental, and leasing	\$ 2,923	9.5 %	\$ 2,802	9.2 %
Retail trade	2,842	9.3	2,751	9.0
Finance and insurance	2,634	8.6	2,992	9.8
Healthcare and social assistance	2,495	8.1	2,373	7.8
Public Administration	2,376	7.7	2,366	7.8
Manufacturing	2,319	7.5	2,387	7.8
Wholesale trade	1,918	6.3	1,880	6.2
Utilities ²	1,590	5.2	1,418	4.6
Transportation and warehousing	1,501	4.9	1,464	4.8
Mining, quarrying, and oil and gas extraction	1,326	4.3	1,349	4.4
Educational services	1,286	4.2	1,302	4.3
Construction	1,276	4.2	1,355	4.4
Hospitality and food services	1,186	3.9	1,238	4.1
Other Services (except Public Administration)	1,066	3.5	1,041	3.4
Professional, scientific, and technical services	1,032	3.3	995	3.3
Other ³	2,922	9.5	2,782	9.1
Total	\$ 30,692	100.0 %	\$ 30,495	100.0 %

¹ Industry groups are determined by North American Industry Classification System ("NAICS") codes.

² Includes primarily utilities, power, and renewable energy.

³ No other industry group exceeds 3.1%.

Commercial Real Estate Loans

At June 30, 2023 and December 31, 2022, our CRE loan portfolio totaled \$12.9 billion and \$12.7 billion, respectively, representing approximately 23% of the total loan portfolio for both periods. The majority of our CRE loans are secured by real estate primarily located within our geographic footprint. The following schedule presents the geographic distribution of our CRE loan portfolio based on the location of the primary collateral.

COMMERCIAL REAL ESTATE LENDING BY COLLATERAL LOCATION

<i>(Dollar amounts in millions)</i>	June 30, 2023		December 31, 2022	
	Amount	Percent	Amount	Percent
Arizona	\$ 1,656	13 %	\$ 1,521	12 %
California	3,772	29	3,805	30
Colorado	639	5	637	5
Nevada	1,030	8	910	7
Texas	2,211	17	2,139	17
Utah/Idaho	2,202	17	2,397	19
Washington/Oregon	912	7	899	7
Other	482	4	431	3
Total CRE	\$ 12,904	100 %	\$ 12,739	100 %

Approximately 23% of the total CRE loan portfolio is scheduled to mature in the next 12 months. Term CRE loans generally mature within a three- to seven-year period and consist of full, partial, and non-recourse guarantee structures. Typical term CRE loan structures include annually tested operating covenants that require loan rebalancing based on minimum debt service coverage, debt yield, or loan-to-value tests. Construction and land development loans generally mature in 18 to 36 months and contain full or partial recourse guarantee structures with

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

one- to five-year extension options or roll-to-perm options that often result in term debt. At June 30, 2023, approximately 85% of our CRE loan portfolio was variable-rate, and approximately 20% of these variable-rate loans were swapped to a fixed rate.

Underwriting on commercial properties is primarily based on the economic viability of the project with significant consideration given to the creditworthiness and experience of the sponsor. We generally require that the owner’s equity be injected prior to any advances. Re-margining requirements (required equity infusions upon a decline in value or cash flow of the collateral) are often included in the loan agreement along with guarantees of the sponsor. For a more comprehensive discussion of CRE loans and our underwriting, see the “Commercial Real Estate Loans” section in our 2022 Form 10-K.

The following schedule provides information regarding lending exposures to certain collateral types in our CRE loan portfolio.

COMMERCIAL REAL ESTATE LENDING BY COLLATERAL TYPE

<i>(Dollar amounts in millions)</i>	June 30, 2023		December 31, 2022	
	Amount	Percent	Amount	Percent
Commercial property				
Multi-family	\$ 3,324	25.7 %	\$ 3,068	24.1 %
Industrial	2,828	21.9	2,509	19.7
Office	2,157	16.7	2,281	17.9
Retail	1,447	11.2	1,529	12.0
Hospitality	695	5.4	695	5.4
Land	247	1.9	276	2.2
Other ¹	1,673	13.0	1,728	13.5
Residential property ²				
Single family	289	2.3	340	2.7
Land	73	0.6	75	0.6
Condo/Townhome	28	0.2	13	0.1
Other ¹	143	1.1	225	1.8
Total	<u>\$ 12,904</u>	<u>100.0 %</u>	<u>\$ 12,739</u>	<u>100.0 %</u>

¹ Included in the total amount of the “Other” category was approximately \$246 million and \$301 million of unsecured loans at June 30, 2023 and December 31, 2022, respectively.

² Residential property collateral type consists primarily of loans provided to commercial homebuilders for land, lot, and single-family housing developments.

Our CRE portfolio is diversified across geography and collateral type, with the largest concentration in multi-family. We provide additional analysis of our office CRE portfolio below in view of increased investor interest in that collateral type in recent periods.

Office CRE loan portfolio

At June 30, 2023 and December 31, 2022, our office CRE loan portfolio totaled \$2.2 billion and \$2.3 billion, representing 17% and 18% of the total CRE loan portfolio, respectively. The following schedule presents the composition of our office CRE loan portfolio and other related credit quality metrics.

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

OFFICE CRE LOAN PORTFOLIO

<i>(Dollar amounts in millions)</i>	June 30, 2023	December 31, 2022
Office CRE		
Construction and land development	\$ 193	\$ 208
Term	1,964	2,073
Total office CRE	\$ 2,157	\$ 2,281
Credit quality metrics		
Criticized loan ratio	6.4 %	7.2 %
Classified loan ratio	4.8 %	5.8 %
Nonaccrual loan ratio	— %	— %
Delinquency ratio	— %	1.5 %
Net charge-offs, annualized	— %	— %
Allowance for credit losses	\$ 38	\$ 31
Ratio of allowance for credit losses to office CRE loans, at period end	1.76 %	1.36 %

The following schedules present our office CRE loan portfolio by collateral location for the periods presented.

OFFICE CRE LOAN PORTFOLIO BY COLLATERAL LOCATION

<i>(Dollar amounts in millions)</i>	June 30, 2023								
	Collateral Location								
Loan type	Arizona	California	Colorado	Nevada	Texas	Utah/ Idaho	Wash- ington	Other ¹	Total
Office CRE									
Construction and land development	\$ —	\$ 87	\$ —	\$ 1	\$ 7	\$ 34	\$ 64	\$ —	\$ 193
Term	289	449	93	93	182	587	240	31	1,964
Total Office CRE	\$ 289	\$ 536	\$ 93	\$ 94	\$ 189	\$ 621	\$ 304	\$ 31	\$ 2,157
% of total	13.4 %	24.9 %	4.3 %	4.4 %	8.8 %	28.8 %	14.0 %	1.4 %	100.0 %
<i>(Dollar amounts in millions)</i>	December 31, 2022								
	Collateral Location								
Loan type	Arizona	California	Colorado	Nevada	Texas	Utah/ Idaho	Wash- ington	Other ¹	Total
Office CRE									
Construction and land development	\$ 8	\$ 79	\$ —	\$ 2	\$ —	\$ 18	\$ 101	\$ —	\$ 208
Term	295	525	97	99	217	613	195	32	2,073
Total Office CRE	\$ 303	\$ 604	\$ 97	\$ 101	\$ 217	\$ 631	\$ 296	\$ 32	\$ 2,281
% of total	13.1 %	27.0 %	4.3 %	4.3 %	9.6 %	26.8 %	13.5 %	1.4 %	100.0 %

¹ No other geography exceeds \$18 million at both June 30, 2023 and December 31, 2022.

Consumer Loans

We originate first-lien residential home mortgages considered to be of prime quality. We generally hold variable-rate loans in our portfolio and sell “conforming” fixed-rate loans to third parties, including Federal National Mortgage Association and Federal Home Loan Mortgage Corporation, for which we make representations and warranties that the loans meet certain underwriting and collateral documentation standards.

Our 1-4 family residential mortgage loan portfolio increased \$694 million, or 10%, to \$8.0 billion at June 30, 2023, compared with \$7.3 billion at December 31, 2022, primarily due to an increased demand for adjustable-rate mortgages, which we have retained as part of our overall interest rate risk management strategy.

We also originate home equity credit lines (“HECLs”). At June 30, 2023 and December 31, 2022, our HECL portfolio totaled \$3.3 billion and \$3.4 billion, respectively. Approximately 41% and 44% of our HECLs are secured by first liens for the same time periods.

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

At June 30, 2023, loans representing less than 1% of the outstanding balance in the HECL portfolio were estimated to have combined loan-to-value (“CLTV”) ratios above 100%. An estimated CLTV ratio is the ratio of our loan plus any prior lien amounts divided by the estimated current collateral value. At origination, underwriting standards for the HECL portfolio generally include a maximum 80% CLTV with a Fair Isaac Corporation (“FICO”) credit score greater than 700.

Approximately 90% of our HECL portfolio is still in the draw period, and about 19% of those loans are scheduled to begin amortizing within the next five years. We believe the risk of loss and borrower default in the event of a loan becoming fully amortizing and the effect of significant interest rate changes is minimal. The ratio of HECL net charge-offs (recoveries) for the trailing twelve months to average balances at June 30, 2023 and December 31, 2022 was (0.03)% for both periods. See Note 6 of the Notes to Consolidated Financial Statements for additional information on the credit quality of the HECL portfolio.

Nonperforming Assets

Nonperforming assets include nonaccrual loans and other real estate owned (“OREO”) or foreclosed properties. The following schedule presents our nonperforming assets.

NONPERFORMING ASSETS

<i>(Dollar amounts in millions)</i>	June 30, 2023	December 31, 2022
Nonaccrual loans ¹	\$ 162	\$ 149
Other real estate owned ²	2	—
Total nonperforming assets	\$ 164	\$ 149
Ratio of nonperforming assets to net loans and leases ¹ and other real estate owned ²	0.29 %	0.27 %
Accruing loans past due 90 days or more	\$ 7	\$ 6
Ratio of accruing loans past due 90 days or more to loans and leases ¹	0.01 %	0.01 %
Nonaccrual loans ¹ and accruing loans past due 90 days or more	\$ 169	\$ 155
Ratio of nonperforming assets ¹ and accruing loans past due 90 days or more to loans and leases ¹ and other real estate owned ²	0.30 %	0.28 %
Nonaccrual loans ¹ current as to principal and interest payments	70.4 %	57.7 %

¹ Includes loans held for sale.

² Does not include banking premises held for sale.

Nonperforming assets as a percentage of loans and leases and OREO increased to 0.29% at June 30, 2023, compared with 0.27% at December 31, 2022. Total nonaccrual loans at June 30, 2023 increased to \$162 million from \$149 million at December 31, 2022, primarily due to increases in commercial and industrial and owner-occupied nonaccrual loans. See Note 6 of the Notes to Consolidated Financial Statements for more information on nonaccrual loans.

Loan Modifications

Loans may be modified in the normal course of business for competitive reasons or to strengthen our collateral position. Loan modifications may also occur when the borrower experiences financial difficulty and needs temporary or permanent relief from the original contractual terms of the loan.

On January 1, 2023, we adopted Accounting Standards Update (“ASU”) 2022-02, *Financial Instruments—Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures*, which eliminated the recognition and measurement of troubled debt restructurings (“TDRs”) and their related disclosures. ASU 2022-02 requires enhanced disclosures for loan modifications to borrowers experiencing financial difficulty. At June 30, 2023, loans that have been modified to accommodate a borrower experiencing financial difficulties totaled \$148 million.

If a modified loan is on nonaccrual and performs for at least six months according to the modified terms, and an analysis of the customer’s financial condition indicates that we are reasonably assured of repayment of the modified

[Table of Contents](#)

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

principal and interest, the loan may be returned to accrual status. The borrower's payment performance prior to and following the modification is taken into account to determine whether a loan should be returned to accrual status.

ACCRUING AND NONACCRUING MODIFIED LOANS TO BORROWERS EXPERIENCING FINANCIAL DIFFICULTY

<i>(In millions)</i>	<u>June 30, 2023</u>
Modified loans – accruing	\$ 137
Modified loans – nonaccruing	11
Total	<u>\$ 148</u>

For additional information regarding loan modifications to borrowers experiencing financial difficulty, including information related to TDRs prior to our adoption of ASU 2022-02, see Note 6 of the Notes to Consolidated Financial Statements.

Allowance for Credit Losses

The ACL includes the ALLL and the RULC. The ACL represents our estimate of current expected credit losses related to the loan and lease portfolio and unfunded lending commitments as of the balance sheet date. To determine the adequacy of the allowance, our loan and lease portfolio is segmented based on loan type.

The RULC, a reserve for potential losses associated with off-balance sheet commitments, remained stable during the first six months of 2023. The reserve is separately recorded on the consolidated balance sheet in "Other liabilities," and any related increases or decreases in the reserve are recorded on the consolidated income statement in "Provision for unfunded lending commitments."

The following schedule presents the changes in and allocation of the ACL.

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

SUMMARY OF CREDIT LOSS EXPERIENCE

<i>(Dollar amounts in millions)</i>	Six Months Ended June 30, 2023	Twelve Months Ended December 31, 2022	Six Months Ended June 30, 2022
Loans and leases outstanding	\$ 56,917	\$ 55,653	\$ 52,370
Average loans and leases outstanding:			
Commercial	30,664	29,225	28,725
Commercial real estate	12,904	12,251	12,134
Consumer	12,849	11,122	10,501
Total average loans and leases outstanding	<u>\$ 56,417</u>	<u>\$ 52,598</u>	<u>\$ 51,360</u>
Allowance for loan and lease losses:			
Balance at beginning of period ¹	\$ 572	\$ 513	\$ 513
Provision for loan losses	92	101	10
Charge-offs:			
Commercial	23	72	28
Commercial real estate	—	—	—
Consumer	6	10	7
Total	<u>29</u>	<u>82</u>	<u>35</u>
Recoveries:			
Commercial	12	32	15
Commercial real estate	—	—	—
Consumer	4	11	5
Total	<u>16</u>	<u>43</u>	<u>20</u>
Net loan and lease charge-offs	<u>13</u>	<u>39</u>	<u>15</u>
Balance at end of period	<u>\$ 651</u>	<u>\$ 575</u>	<u>\$ 508</u>
Reserve for unfunded lending commitments:			
Balance at beginning of period	\$ 61	\$ 40	\$ 40
Provision for unfunded lending commitments	(1)	21	(2)
Balance at end of period	<u>\$ 60</u>	<u>\$ 61</u>	<u>\$ 38</u>
Total allowance for credit losses:			
Allowance for loan and lease losses	\$ 651	\$ 575	\$ 508
Reserve for unfunded lending commitments	60	61	38
Total allowance for credit losses	<u>\$ 711</u>	<u>\$ 636</u>	<u>\$ 546</u>
Ratio of allowance for credit losses to net loans and leases, at period end	1.25 %	1.14 %	1.04 %
Ratio of allowance for credit losses to nonaccrual loans, at period end	439 %	427 %	280 %
Ratio of allowance for credit losses to nonaccrual loans and accruing loans past due 90 days or more, at period end	421 %	410 %	272 %
Ratio of total net charge-offs to average loans and leases ²	0.05 %	0.07 %	0.06 %
Ratio of commercial net charge-offs to average commercial loans ²	0.07 %	0.14 %	0.09 %
Ratio of commercial real estate net charge-offs to average commercial real estate loans ²	— %	— %	— %
Ratio of consumer net charge-offs to average consumer loans ²	0.03 %	(0.01)%	0.04 %

¹ The beginning balance for the six months ended June 30, 2023 for the allowance for loan losses does not agree to the ending balance at December 31, 2022 because of the adoption of the new accounting standard related to loan modifications to borrowers experiencing financial difficulties.

² Ratios are annualized for the periods presented except for the period representing the full twelve months.

The total ACL increased to \$711 million, from \$636 million, during the first six months of 2023, primarily due to deterioration in economic forecasts. See Note 6 of the Notes to Consolidated Financial Statements for additional information related to the ACL and credit trends experienced in each portfolio segment.

Interest Rate and Market Risk Management

Interest rate risk is the potential for reduced net interest income and other rate-sensitive income resulting from adverse changes in the level of interest rates. Market risk is the potential for loss arising from adverse changes in the fair value of fixed-income securities, equity securities, other earning assets, and derivative financial instruments as a result of changes in interest rates or other factors. Because we engage in transactions involving various financial products, we are exposed to both interest rate risk and market risk. For a more comprehensive discussion of our interest rate and market risk management, see the “Interest Rate and Market Risk Management” section in our 2022 Form 10-K.

Interest Rate Risk

We strive to position the Bank for interest rate changes and manage the balance sheet sensitivity to reduce the volatility of both net interest income and economic value of equity. We generally have granular deposit funding. Much of this funding has an indeterminate life with no maturity and can be withdrawn at any time. Because most deposits come from household and business accounts, their duration is generally longer than the duration of our loan portfolio. As such, we are naturally “asset-sensitive” — meaning that our assets are expected to reprice faster or more significantly than our liabilities. In previous interest rate environments, we have added (1) interest rate swaps to synthetically increase the duration of the loan portfolio, (2) longer-duration securities, and (3) longer-duration loans to reduce the asset sensitivity to a level where an increase in interest rates of 100 bps would continue to result in a positive change in net interest income, and a decline in interest rates would be more muted. Additionally, we have pay-fixed interest rate swaps to adjust the duration of the investment securities portfolio.

Asset sensitivity measures depend upon the assumptions we use for deposit runoff and repricing behavior. As interest rates rise, we expect some customers to move balances from demand deposits to interest-bearing accounts such as money market, savings, or certificates of deposit. Our models are particularly sensitive to the assumption about the rate of such migration.

We also assume a correlation, referred to as a “deposit beta,” with respect to interest-bearing deposits, wherein the rates paid to customers change at a different pace when compared with changes in average benchmark interest rates. Generally, certificates of deposit are assumed to have a high correlation, while interest-bearing checking accounts are assumed to have a lower correlation.

With the recent prominent bank failures during the first half of 2023, customer deposit behavior deviated from modeled behaviors, with the latter being informed using data reflecting an extended period of relatively low interest rates. As such, in addition to our historical-based assumptions, we have included adjusted deposit assumptions into our interest risk rate management, which increase the deposit beta for interest-bearing products and increase the percentage of non-interest bearing deposits that migrate to interest-bearing products.

The following schedule presents deposit duration assumptions using both historical-based deposit behavior as well as the adjusted assumptions discussed previously.

DEPOSIT ASSUMPTIONS

Product	June 30, 2023				December 31, 2022	
	Historical-based assumptions		Adjusted assumptions		Historical-based assumptions	
	Effective duration (unchanged)	Effective duration (+200 bps)	Effective duration (unchanged)	Effective duration (+200 bps)	Effective duration (unchanged)	Effective duration (+200 bps)
Demand deposits	3.9%	3.7%	2.9%	2.7%	3.6%	3.5%
Money market	2.2%	2.1%	1.5%	1.3%	2.3%	2.0%
Savings and interest-bearing checking	2.9%	2.6%	2.0%	1.6%	3.1%	2.8%

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

As more rate-sensitive deposits have runoff, the effective duration of the deposits under the historical-based assumptions has lengthened due to the remaining deposits that are assumed to be less rate sensitive. Conversely, the effective duration of the deposits under the adjusted assumptions has shortened considerably due to faster deposit repricing.

As noted previously, we utilize derivatives to manage interest rate risk. The following schedule presents derivatives that are designated in qualifying hedging relationships at June 30, 2023. Included are the average outstanding derivative notional amounts for each period presented and the weighted average fixed-rate paid or received for each category of cash flow and fair value hedge. Fair value hedges of assets include \$2.5 billion in notional of hedges of AFS securities designated under the portfolio layer method that were added during the second quarter of 2023. See Note 7 of the Notes to Consolidated Financial Statements for additional information regarding the impact of these hedging relationships on interest income and expense.

DERIVATIVES DESIGNATED IN QUALIFYING HEDGING RELATIONSHIPS

(Dollar amounts in millions)	2023		2024				2025		3Q25 - 2Q26	3Q26 - 2Q27
	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter		
Cash flow hedges										
Cash flow hedges of assets ^{1,2}										
Average outstanding notional	\$ 2,550	\$ 2,250	\$ 1,817	\$ 1,483	\$ 1,050	\$ 550	\$ 350	\$ 350	\$ 221	\$ 100
Weighted-average fixed-rate received	2.37 %	2.24 %	2.05 %	1.96 %	1.82 %	1.96 %	2.34 %	2.34 %	1.94 %	1.65 %
Cash flow hedges of liabilities ³										
Average outstanding notional	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ —	\$ —
Weighted-average fixed-rate paid	3.67 %	3.67 %	3.67 %	3.67 %	3.67 %	3.67 %	3.67 %	3.67 %	— %	— %
	2023 ⁴	2024	2025	2026	2027	2028	2029	2030	2031	2032
Fair value hedges										
Fair value hedges of assets ⁴										
Average outstanding notional	\$ 3,172	\$ 3,444	\$ 3,558	\$ 3,562	\$ 3,558	\$ 1,928	\$ 1,049	\$ 1,044	\$ 1,037	\$ 1,001
Weighted-average fixed-rate paid	3.16 %	3.06 %	3.03 %	3.02 %	3.03 %	2.28 %	1.84 %	1.83 %	1.83 %	1.83 %
Fair value hedges of liabilities ⁵										
Average outstanding notional	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Weighted-average fixed-rate received	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %

¹ Cash flow hedges consist of receive-fixed swaps hedging pools of floating-rate loans.

² Cash flow hedges of assets fully matures in February 2027. Amounts for 2027 have not been prorated to reflect this hedge maturing during the period.

³ Cash flow hedges of liabilities fully matures in May of 2025.

⁴ Fair value hedges of assets consist of pay-fixed interest rate swaps hedging AFS fixed-rate securities.

⁵ Fair value hedges of debt consist of receive-fixed swaps hedging fixed-rate debt. The sole fair value hedge of debt was terminated during the second quarter of 2023.

Incorporating the historical-based and adjusted deposit assumptions and the impact of derivatives in qualifying hedging relationships previously discussed, the following schedule presents earnings at risk (“EaR”), or the percentage change in 12-month forward-looking net interest income, and our estimated percentage change in economic value of equity (“EVE”). Both EaR and EVE are based on a static balance sheet size under parallel interest rate changes ranging from -100 bps to +300 bps.

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

INCOME SIMULATION – CHANGE IN NET INTEREST INCOME AND CHANGE IN ECONOMIC VALUE OF EQUITY

Repricing scenario	June 30, 2023					December 31, 2022				
	Parallel shift in rates (in bps) ¹					Parallel shift in rates (in bps) ¹				
	-100	0	+100	+200	+300	-100	0	+100	+200	+300
Historical-based assumptions:										
Earnings at Risk (EaR)	(5.8)%	— %	5.9 %	11.8 %	17.7 %	(2.4)%	— %	2.4 %	4.8 %	7.1 %
Economic Value of Equity (EVE)	(0.1)%	— %	1.9 %	3.5 %	4.8 %	2.0 %	— %	(1.1)%	(2.3)%	(3.7)%
Adjusted assumptions:										
Earnings at Risk (EaR)	(1.3)%	— %	1.4 %	2.9 %	4.4 %					
Economic Value of Equity (EVE)	4.8 %	— %	(4.1)%	(8.6)%	(12.9)%					

¹ Assumes rates cannot go below zero in the negative rate shift.

Under the historical-based assumptions, the asset sensitivity, as measured by EaR, increased during the second quarter of 2023, primarily due an increase in pay-fixed interest rate swap notional, partially offset by deposit migration from low beta products to high beta products. Under the adjusted deposit assumptions, asset sensitivity decreased significantly due to faster deposit repricing.

For interest-bearing deposits with indeterminate maturities, the weighted average modeled beta is 32% under the historical-based assumptions, and 55% under the adjusted assumptions.

The EaR analysis focuses on parallel rate shocks across the term structure of benchmark interest rates. In a non-parallel rate scenario where the overnight rate increases 200 bps, but the ten-year rate increases only 30 bps, the increase in EaR is modeled under the historical-based assumptions to be approximately two-thirds of the change associated with the parallel +200 bps rate change.

EaR has inherent limitations in describing expected changes in net interest income in rapidly changing interest rate environments due to a lag in asset and liability repricing behavior. As such, we expect net interest income to change due to “latent” and “emergent” interest rate sensitivity. Unlike EaR, which measures net interest income over 12 months, latent and emergent interest rate sensitivity explains changes in current quarter net interest income, compared with expected net interest income in the same quarter one year forward.

Latent interest rate sensitivity refers to future changes in net interest income based upon past rate movements that have yet to be fully recognized in revenue but will be recognized over the near term. We expect latent sensitivity to reduce net interest income by approximately 4% in the second quarter of 2024, compared with the second quarter of 2023.

Emergent interest rate sensitivity refers to future changes in net interest income based upon future interest rate movements and is measured from the latent level of net interest income. If interest rates rise consistent with the forward curve at June 30, 2023, we expect emergent sensitivity to increase net interest income by approximately 1% from the latent sensitivity level, for a cumulative 3% reduction in net interest income.

Our focus on business banking also plays a significant role in determining the nature of our asset-liability management posture. At June 30, 2023, \$25.8 billion of our commercial lending and CRE loan balances were scheduled to reprice in the next six months. For these variable-rate loans, we have executed \$2.9 billion of cash flow hedges by receiving fixed rates on interest rate swaps. At June 30, 2023, we also had \$3.6 billion of variable-rate consumer loans scheduled to reprice in the next six months. The impact on asset sensitivity from commercial or consumer loans with floors has become insignificant as rates have risen. See Notes 3 and 7 of the Notes to Consolidated Financial Statements for additional information regarding derivative instruments.

LIBOR Transition

London Interbank Offered Rate (“LIBOR”) has been phased out globally, and banks were required to migrate to alternative reference rates by June 30, 2023. We implemented processes, procedures, and systems to mitigate contract risk. New originations, and any modifications or renewals of LIBOR-based contracts, contained fallback language to facilitate transition to an alternative reference rate. Additionally, under the Adjustable Interest Rate (LIBOR) Act of 2022, the Federal Reserve Board (“FRB”) identified benchmark replacement rates for LIBOR contracts lacking fallback provisions with a clearly defined or practical replacement benchmark rate. At June 30, 2023, we have remediated substantially all our LIBOR exposure through fallback language, replacement indices, or reliance upon the provisions under the LIBOR Act.

Market Risk – Fixed Income

We are exposed to market risk through changes in fair value. This includes market risk for trading securities and for interest rate swaps used to hedge interest rate risk. We underwrite municipal and corporate securities. We also trade municipal, agency, and treasury securities. This underwriting and trading activity exposes us to a risk of loss arising from adverse changes in the prices of these fixed-income securities.

Changes in the fair value of AFS securities and in interest rate swaps that qualify as cash flow hedges are included in accumulated other comprehensive income (loss) (“AOCI”) for each financial reporting period. During the second quarter of 2023, the \$32 million after-tax increase in AOCI loss related to investment securities was driven largely by declines in the fair value of the AFS securities primarily due to changes in benchmark interest rates. For more discussion regarding investment securities and AOCI, see the “Capital Management” section on page 33. See also Note 5 of the Notes to Consolidated Financial Statements for further information regarding the accounting for investment securities.

Our noninterest-bearing deposits are more valuable in a rising interest rate environment, creating meaningful economic value that is not fully reflected on our balance sheet since deposits and related intangible assets are not recorded at fair value for accounting purposes.

Market Risk – Equity Investments

Through our equity investment activities, we own equity securities that are publicly traded. In addition, we own equity securities in governmental entities and companies, e.g., FRB and the FHLB, that are not publicly traded. Equity investments may be accounted for at cost less impairment and adjusted for observable price changes, fair value, the equity method, or full consolidation methods of accounting, depending on our ownership position and degree of influence over the investees’ business. Regardless of the accounting method, the values of our investments are subject to fluctuation. Because the fair value of these securities may fall below the cost at which we acquired them, we are exposed to the possibility of loss. Equity investments in private and public companies are evaluated, monitored, and approved by members of management in our Equity Investments Committee and Securities Valuation Committee.

We hold both direct and indirect investments in predominantly pre-public companies, primarily through various Small Business Investment Company (“SBIC”) venture capital funds as a strategy to provide beneficial financing, growth, and expansion opportunities to diverse businesses generally in communities within our geographic footprint. Our equity exposure to these investments was approximately \$177 million and \$172 million at June 30, 2023 and December 31, 2022, respectively. On occasion, some of the companies within our SBIC investment may issue an initial public offering (“IPO”). In this case, the fund is generally subject to a lockout period before liquidating the investment, which can introduce additional market risk. See Note 3 of the Notes to Consolidated Financial Statements for additional information regarding the valuation of our SBIC investments.

Liquidity Risk Management

Liquidity refers to our ability to meet our cash, contractual, and collateral obligations, and to manage both expected and unexpected cash flows without adversely impacting our operations or financial strength. We manage our liquidity to provide funds for our customers' credit needs, our anticipated financial and contractual obligations, and other corporate activities. Sources of liquidity include deposits, borrowings, equity, and unencumbered assets, such as loans and investment securities. Our investment securities are primarily held as a source of contingent liquidity. We primarily own securities that can readily provide us with cash and liquidity through secured borrowing agreements with securities pledged as collateral.

We maintain and regularly test a contingency funding plan to identify sources and uses of liquidity. Additionally, we have a Board-approved liquidity policy that requires us to monitor and maintain adequate liquidity, diversify funding positions, and anticipate future funding needs. In accordance with this policy, we monitor our liquidity positions by conducting various stress tests and evaluating certain liquid asset measurements, such as a 30-day liquidity coverage ratio.

We perform regular liquidity stress tests and assess our portfolio of highly liquid assets (sufficient to cover 30-day funding needs under stress scenarios). These stress tests include projections of funding maturities, uses of funds, and assumptions of deposit runoff. These assumptions consider the size of deposit account, operational nature of deposits, type of depositor, and concentrations of funding sources including large depositors and aggregate levels of uncollateralized deposits exceeding insured levels. Concentrated funding sources are given large runoff factors up to 100% in projecting stressed funding needs. Our liquidity stress testing considers multiple timeframes ranging from overnight to 12 months. Our liquidity policy requires us to maintain sufficient on-balance sheet liquidity in the form of FRB reserve balance and other highly liquid assets to meet stressed outflow assumptions.

We have a dedicated funding desk that monitors real-time inflows and outflows of our FRB account, and we have tools, including ready access to repo markets and FHLB advances, to manage intraday liquidity. FHLB borrowings are "open-term," allowing us the ability to retain or return funds based on our liquidity needs. We pledge a large portion of our highly liquid investment securities portfolio through the General Collateral Funding ("GCF") repo program. Through this program, high-quality collateral is pledged, and program participants exchange funds anonymously, which allows for near instant access to funding during market hours.

Additionally, we have pledged collateral to the FRB's primary credit facility (or discount window) and the Bank Term Funding Program ("BTFP"), which provide additional contingent funding sources outside the normal operating hours of the FHLB and the GCF program. The BTFP offers loans of up to one year in length to eligible depository institutions pledging U.S. Treasuries, agency debt and government mortgage-backed securities, and other qualifying assets as collateral. Unlike other funding sources, borrowing capacity under the BTFP is based on the par value, not the fair value, of collateral. Advances can be requested under the program through mid-March 2024.

For more information on our liquidity risk management practices, see "Liquidity Risk Management" in our 2022 Form 10-K.

For the first six months of 2023, the primary sources of cash came from a decrease in investment securities, a decrease in money market investments, and net cash provided by operating activities. Uses of cash during the same period included primarily a decrease in short-term borrowings, an increase in loans and leases, and dividends paid on common and preferred stock. Cash payments for interest reflected in operating expenses were \$546 million and \$31 million for the first six months of 2023 and 2022, respectively.

The FHLB and FRB have been, and continue to be, a significant source of back-up liquidity and funding. We are a member of the FHLB of Des Moines, which allows member banks to borrow against eligible loans and securities to satisfy liquidity and funding requirements. We are required to invest in FHLB and FRB stock to maintain our borrowing capacity. At June 30, 2023, our total investment in FHLB and FRB stock was \$111 million and \$65 million, respectively, compared with \$294 million and \$68 million at December 31, 2022.

[Table of Contents](#)

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

At June 30, 2023, loans with a carrying value of \$24.5 billion and \$15.3 billion, compared with \$23.7 billion and \$3.9 billion at December 31, 2022, were pledged at the FHLB and FRB, respectively, as collateral for current and potential borrowings.

At June 30, 2023 and December 31, 2022, investment securities with a carrying value of \$21.1 billion and \$13.5 billion, respectively, were pledged as collateral for potential borrowings. For the same time periods, these pledges included \$9.9 billion and \$8.3 billion for available use through the GCF repo program, \$7.1 billion and \$1.0 billion to the FRB, and \$4.1 billion and \$4.2 billion to secure collateralized public and trust deposits, advances, and for other purposes.

A large portion of these pledged assets are unencumbered, but are pledged to provide immediate access to contingency sources of funds. The following schedule presents our total available liquidity including unused collateralized borrowing capacity.

AVAILABLE LIQUIDITY

<i>(In billions)</i>	June 30, 2023					December 31, 2022				
	FHLB	FRB	GCF	BTFP	Total	FHLB	FRB	GCF	BTFP	Total
Total borrowing capacity	\$ 17.1	\$ 13.6	\$ 10.0	\$ 7.1	\$ 47.8	\$ 16.6	\$ 4.0	\$ 8.4	\$ —	\$ 29.0
Borrowings outstanding	2.6	—	2.0	—	4.6	7.2	—	2.7	—	9.9
Remaining capacity, at period end	\$ 14.5	\$ 13.6	\$ 8.0	\$ 7.1	\$ 43.2	\$ 9.4	\$ 4.0	\$ 5.7	\$ —	\$ 19.1
Cash and due from banks					0.7					0.7
Interest-bearing deposits ¹					1.5					1.3
Total available liquidity					\$ 45.4					\$ 21.1
Ratio of available liquidity to uninsured deposits					149 %					56 %

¹ Represents funds deposited by the Bank primarily at the Federal Reserve Bank.

At June 30, 2023 and December 31, 2022, our total available liquidity was \$45.4 billion, compared with \$21.1 billion, respectively. At June 30, 2023, we had sources of liquidity which exceeded our uninsured deposits without the need to sell any investment securities.

General financial market and economic conditions also impact our access to, and cost of, external financing. Access to funding markets is also directly affected by the credit ratings we receive from various rating agencies. The ratings not only influence the costs associated with borrowings, but can also influence the sources of the borrowings. All of the credit rating agencies rate our debt at an investment-grade level. During the second quarter of 2023, as a result of broader uncertainty in the banking industry, Standard & Poor's ("S&P") changed their outlook on our long-term deposit and issuer ratings to "Negative" from "Stable." Additionally, Moody's downgraded our long-term issuer rating to Baa2 from Baa1, our short-term debt rating to P2 from P1, and changed their outlook on our long-term deposit and issuer ratings to "Stable" from "Ratings under review."

The following schedule presents our current credit ratings.

CREDIT RATINGS

as of July 31, 2023:

Rating agency	Outlook	Long-term issuer/senior debt rating	Subordinated debt rating	Short-term debt rating
Kroll	Positive	A-	BBB+	K2
S&P	Negative	BBB+	BBB	NR
Fitch	Stable	BBB+	BBB	F1
Moody's	Stable	Baa2	NR	P2

We may, from time to time, issue additional preferred stock, senior or subordinated notes, or other forms of capital or debt instruments, depending on our capital, funding, asset-liability management, or other needs as market

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

conditions warrant. These additional issuances may be subject to required regulatory approvals. We believe that our sources of available liquidity are adequate to meet all reasonably foreseeable short- and intermediate-term demands.

Capital Management

A strong capital position is vital to the achievement of our key corporate objectives, our continued profitability, and to promoting depositor and investor confidence. We seek to (1) maintain sufficient capital to support the current needs and growth of our businesses, and (2) fulfill responsibilities to depositors and bondholders while managing capital distributions to shareholders through dividends and repurchases of common stock.

We utilize stress testing as an important mechanism to inform our decisions on the appropriate level of capital, based upon actual and hypothetically stressed economic conditions, which are comparable in severity to the scenarios published by the FRB. The timing and amount of capital actions are subject to various factors, including our financial performance, business needs, prevailing and anticipated economic conditions, and the results of our internal stress testing, as well as Board and Office of the Comptroller of the Currency (“OCC”) approval. Shares may be repurchased occasionally in the open market or through privately negotiated transactions. For a more comprehensive discussion of our capital risk management, see “Capital Management” in our 2022 Form 10-K.

SHAREHOLDERS' EQUITY

<i>(Dollar amounts in millions)</i>	June 30, 2023	December 31, 2022	Amount change	Percent change
Shareholders' equity:				
Preferred stock	\$ 440	\$ 440	\$ —	— %
Common stock and additional paid-in capital	1,722	1,754	(32)	(2)
Retained earnings	6,051	5,811	240	4
Accumulated other comprehensive loss	(2,930)	(3,112)	182	6
Total shareholders' equity	\$ 5,283	\$ 4,893	\$ 390	8 %

Total shareholders' equity increased \$390 million, or 8%, to \$5.3 billion at June 30, 2023, compared with \$4.9 billion at December 31, 2022. Common stock and additional paid-in capital decreased \$32 million, primarily due to common stock repurchases during the first quarter of 2023. As the macroeconomic environment remained uncertain, we did not repurchase common shares during the second quarter of 2023, nor do we expect to repurchase common shares during the third quarter of 2023.

AOCI was a \$2.9 billion loss at June 30, 2023, and, for the first six months of 2023, reflected (1) a \$9 million decline in the fair value of fixed-rate AFS securities as a result of higher interest rates, offset by a \$103 million increase in amortization of the discount on the securities transferred from AFS to HTM during the fourth quarter of 2022, and (2) an \$88 million increase in unrealized holding gains and other adjustments associated with derivative instruments. Absent any sales or credit impairment of the AFS securities, the unrealized losses will not be recognized in earnings. We do not intend to sell any securities with unrealized losses. Although changes in AOCI are reflected in shareholders' equity, they are excluded from regulatory capital, and therefore do not impact our regulatory ratios.

For more discussion on our investment securities portfolio and related unrealized gains and losses, see Note 5 of the Notes to Consolidated Financial Statements.

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

CAPITAL DISTRIBUTIONS

<i>(In millions, except share data)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Capital distributions:				
Preferred dividends paid	\$ 9	\$ 8	\$ 15	\$ 16
Total capital distributed to preferred shareholders	9	8	15	16
Common dividends paid	61	58	122	116
Bank common stock repurchased ¹	—	50	50	101
Total capital distributed to common shareholders	61	108	172	217
Total capital distributed to preferred and common shareholders	\$ 70	\$ 116	\$ 187	\$ 233
Weighted average diluted common shares outstanding (in thousands)	147,696	150,838	147,865	151,264
Common shares outstanding, at period end (in thousands)	148,144	150,471	148,144	150,471

¹ Includes amounts related to the common shares acquired from our publicly announced plans and those acquired in connection with our stock compensation plan. Shares were acquired from employees to pay for their payroll taxes and stock option exercise cost upon the exercise of stock options.

Pursuant to the OCC’s “Earnings Limitation Rule,” our dividend payments are restricted to an amount equal to the sum of the total of (1) our net income for that year, and (2) retained earnings for the preceding two years, unless the OCC approves the declaration and payment of dividends in excess of such amount. At June 30, 2023, we had \$1.7 billion of retained net profits available for distribution.

During the second quarter of 2023, we paid dividends on preferred stock of \$9 million and dividends on common stock of \$61 million, or \$0.41 per share. In July 2023, the Board declared a regular quarterly dividend of \$0.41 per common share, payable on August 24, 2023 to shareholders of record on August 17, 2023. See Note 9 of the Notes to Consolidated Financial Statements for additional information about our capital management actions.

Basel III

We are subject to Basel III capital requirements that include certain minimum regulatory capital ratios. At June 30, 2023, we exceeded all capital adequacy requirements under the Basel III capital rules. Based on our internal stress testing and other assessments of capital adequacy, we believe we hold capital sufficiently in excess of internal and regulatory requirements for well-capitalized banks. See the “Supervision and Regulation” section and Note 15 of our 2022 Form 10-K for more information about our compliance with the Basel III capital requirements. The following schedule presents our capital amounts, capital ratios, and other selected performance ratios.

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

CAPITAL AMOUNTS AND RATIOS

<i>(Dollar amounts in millions)</i>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Basel III risk-based capital amounts:			
Common equity tier 1 capital	\$ 6,692	\$ 6,481	\$ 6,257
Tier 1 risk-based	7,131	6,921	6,697
Total risk-based	8,378	8,077	7,784
Risk-weighted assets	66,917	66,111	63,424
Basel III risk-based capital ratios:			
Common equity tier 1 capital ratio	10.0 %	9.8 %	9.9 %
Tier 1 risk-based ratio	10.7	10.5	10.6
Total risk-based ratio	12.5	12.2	12.3
Tier 1 leverage ratio	8.0	7.7	7.4
Other ratios:			
Average equity to average assets (three months ended)	5.9 %	5.4 %	6.7 %
Return on average common equity (three months ended)	13.8	25.4	14.0
Return on average tangible common equity (three months ended) ¹	10.0	16.9	12.5
Tangible equity ratio ¹	8.0	7.6	7.6
Tangible common equity ratio ¹	7.5	7.1	7.1

¹ See “Non-GAAP Financial Measures” on page 35 for more information regarding these ratios.

NON-GAAP FINANCIAL MEASURES

This Form 10-Q presents non-GAAP financial measures, in addition to GAAP financial measures. The adjustments to reconcile from the applicable GAAP financial measures to the non-GAAP financial measures are presented in the following schedules. We consider these adjustments to be relevant to ongoing operating results and provide a meaningful basis for period-to-period comparisons. We use these non-GAAP financial measures to assess our performance and financial position. We believe that presenting these non-GAAP financial measures permits investors to assess our performance on the same basis as that applied by our management and the financial services industry.

Non-GAAP financial measures have inherent limitations and are not necessarily comparable to similar financial measures that may be presented by other financial services companies. Although non-GAAP financial measures are frequently used by stakeholders to evaluate a company, they have limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of results reported under GAAP.

Tangible Common Equity and Related Measures

Tangible common equity and related measures are non-GAAP measures that exclude the impact of intangible assets and their related amortization and AOCI. We excluded the effect of AOCI to align with its impact on certain incentive compensation plans that utilize return on tangible common equity as a performance metric. We believe these non-GAAP measures provide useful information about our use of shareholders’ equity and provide a basis for evaluating the performance of a business more consistently, whether acquired or developed internally.

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

RETURN ON AVERAGE TANGIBLE COMMON EQUITY (NON-GAAP)

		Three Months Ended		
		June 30, 2023	March 31, 2023	June 30, 2022
<i>(Dollar amounts in millions)</i>				
Net earnings applicable to common shareholders (GAAP)	(a)	\$ 166	\$ 198	\$ 195
Adjustment, net of tax:				
Amortization of core deposit and other intangibles		1	1	—
Net earnings applicable to common shareholders, net of tax	(a)	\$ 167	\$ 199	\$ 195
Average common equity (GAAP)		\$ 4,818	\$ 4,614	\$ 5,582
Average goodwill and intangibles		(1,063)	(1,064)	(1,015)
Average accumulated other comprehensive loss (income)		2,931	3,030	1,702
Average tangible common equity (non-GAAP)	(b)	\$ 6,686	\$ 6,580	\$ 6,269
Number of days in quarter	(c)	91	90	91
Number of days in year	(d)	365	365	365
Return on average tangible common equity (non-GAAP)	(a/b/c)*d	10.0 %	12.3 %	12.5 %

TANGIBLE EQUITY RATIO, TANGIBLE COMMON EQUITY RATIO, AND TANGIBLE BOOK VALUE PER COMMON SHARE (ALL NON-GAAP MEASURES)

		June 30, 2023	March 31, 2023	June 30, 2022
<i>(Dollar amounts in millions, except per share amounts)</i>				
Total shareholders' equity (GAAP)		\$ 5,283	\$ 5,184	\$ 5,632
Goodwill and intangibles		(1,062)	(1,063)	(1,015)
Accumulated other comprehensive loss (income)		2,930	2,920	2,100
Tangible equity (non-GAAP)	(a)	7,151	7,041	6,717
Preferred stock		(440)	(440)	(440)
Tangible common equity (non-GAAP)	(b)	\$ 6,711	\$ 6,601	\$ 6,277
Total assets (GAAP)		\$ 87,230	\$ 88,573	\$ 87,784
Goodwill and intangibles		(1,062)	(1,063)	(1,015)
Accumulated other comprehensive loss (income)		2,930	2,920	2,100
Tangible assets (non-GAAP)	(c)	\$ 89,098	\$ 90,430	\$ 88,869
Common shares outstanding (in thousands)	(d)	148,144	148,100	150,471
Tangible equity ratio (non-GAAP)	(a/c)	8.0 %	7.8 %	7.6 %
Tangible common equity ratio (non-GAAP)	(b/c)	7.5 %	7.3 %	7.1 %
Tangible book value per common share (non-GAAP)	(b/d)	\$ 45.30	\$ 44.57	\$ 41.72

Efficiency Ratio and Adjusted Pre-Provision Net Revenue

The efficiency ratio is a measure of operating expense relative to revenue. We believe the efficiency ratio provides useful information regarding the cost of generating revenue. We make adjustments to exclude certain items that are not generally expected to recur frequently, as identified in the subsequent schedule, which we believe allows for more consistent comparability across periods. Adjusted noninterest expense provides a measure as to how we are managing our expenses. Adjusted pre-provision net revenue enables management and others to assess our ability to generate capital. Taxable-equivalent net interest income allows us to assess the comparability of revenue arising from both taxable and tax-exempt sources.

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

EFFICIENCY RATIO (NON-GAAP) AND ADJUSTED PRE-PROVISION NET REVENUE (NON-GAAP)

		Three Months Ended			Six Months Ended		Year Ended
		June 30, 2023	March 31, 2023	June 30, 2022	June 30, 2023	June 30, 2022	December 31, 2022
<i>(Dollar amounts in millions)</i>							
Noninterest expense (GAAP)	(a)	\$ 508	\$ 512	\$ 464	\$1,020	\$ 928	\$ 1,878
Adjustments:							
Severance costs		13	1	1	14	1	1
Other real estate expense, net		—	—	—	—	1	1
Amortization of core deposit and other intangibles		1	2	—	3	—	1
SBIC investment success fee accrual ¹		—	—	—	—	(1)	(1)
Total adjustments	(b)	14	3	1	17	1	2
Adjusted noninterest expense (non-GAAP)	(a-b)=(c)	\$ 494	\$ 509	\$ 463	\$1,003	\$ 927	\$ 1,876
Net interest income (GAAP)	(d)	\$ 591	\$ 679	\$ 593	\$1,270	\$1,137	\$ 2,520
Fully taxable-equivalent adjustments	(e)	11	9	9	20	17	37
Taxable-equivalent net interest income (non-GAAP)	(d+e)=f	602	688	602	1,290	1,154	2,557
Noninterest income (GAAP)	g	189	160	172	349	314	632
Combined income (non-GAAP)	(f+g)=(h)	791	848	774	1,639	1,468	3,189
Adjustments:							
Fair value and nonhedge derivative gains		1	(3)	10	(2)	16	16
Securities gains (losses), net ¹		—	1	1	1	(16)	(15)
Total adjustments ²	(i)	1	(2)	11	(1)	—	1
Adjusted taxable-equivalent revenue (non-GAAP)	(h-i)=(j)	\$ 790	\$ 850	\$ 763	\$1,640	\$1,468	\$ 3,188
Pre-provision net revenue (non-GAAP)	(h)-(a)	\$ 283	\$ 336	\$ 310	\$ 619	\$ 540	\$ 1,311
Adjusted PPNR (non-GAAP)	(j)-(c)	296	341	300	637	541	1,312
Efficiency ratio (non-GAAP)	(c/j)	62.5 %	59.9 %	60.7 %	61.2 %	63.1 %	58.8 %

¹ The success fee accrual is associated with the gains and losses from our SBIC investments, which are excluded from the efficiency ratio through securities gains (losses), net.

² Excluding the \$13 million gain on sale of bank-owned premises recorded in dividends and other income, the efficiency ratio for the three months and six months ended June 30, 2023 would have been 63.6% and 61.6%, respectively.

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

ITEM 1. FINANCIAL STATEMENTS (Unaudited)
CONSOLIDATED BALANCE SHEETS

<i>(In millions, shares in thousands)</i>	June 30, 2023	December 31, 2022
	(Unaudited)	
ASSETS		
Cash and due from banks	\$ 701	\$ 657
Money market investments:		
Interest-bearing deposits	1,531	1,340
Federal funds sold and securities purchased under agreements to resell	781	2,426
Investment securities:		
Held-to-maturity, at amortized cost (fair value: \$10,768 and \$11,239)	10,753	11,126
Available-for-sale, at fair value	10,832	11,915
Trading, at fair value	32	465
Total investment securities	21,617	23,506
Loans held for sale	36	8
Loans and leases, net of unearned income and fees	56,917	55,653
Less allowance for loan and lease losses	651	575
Loans held for investment, net of allowance	56,266	55,078
Other noninterest-bearing investments	956	1,130
Premises, equipment and software, net	1,414	1,408
Goodwill and intangibles	1,062	1,065
Other real estate owned	3	3
Other assets	2,863	2,924
Total assets	<u>\$ 87,230</u>	<u>\$ 89,545</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Noninterest-bearing demand	\$ 28,670	\$ 35,777
Interest-bearing:		
Savings and money market	33,394	33,566
Time	12,259	2,309
Total deposits	74,323	71,652
Federal funds and other short-term borrowings	5,513	10,417
Long-term debt	538	651
Reserve for unfunded lending commitments	60	61
Other liabilities	1,513	1,871
Total liabilities	81,947	84,652
Shareholders' equity:		
Preferred stock, without par value; authorized 4,400 shares	440	440
Common stock (\$0.001 par value; authorized 350,000 shares; issued and outstanding 148,144 and 148,664 shares) and additional paid-in capital	1,722	1,754
Retained earnings	6,051	5,811
Accumulated other comprehensive income (loss)	(2,930)	(3,112)
Total shareholders' equity	5,283	4,893
Total liabilities and shareholders' equity	<u>\$ 87,230</u>	<u>\$ 89,545</u>

See accompanying notes to consolidated financial statements.

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
<i>(In millions, except shares and per share amounts)</i>				
Interest income:				
Interest and fees on loans	\$ 791	\$ 468	\$ 1,517	\$ 905
Interest on money market investments	48	12	105	18
Interest on securities	138	128	275	240
Total interest income	977	608	1,897	1,163
Interest expense:				
Interest on deposits	220	7	302	13
Interest on short- and long-term borrowings	166	8	325	13
Total interest expense	386	15	627	26
Net interest income	591	593	1,270	1,137
Provision for credit losses:				
Provision for loan and lease losses	46	39	92	10
Provision for unfunded lending commitments	—	2	(1)	(2)
Total provision for credit losses	46	41	91	8
Net interest income after provision for credit losses	545	552	1,179	1,129
Noninterest income:				
Commercial account fees	45	37	88	78
Card fees	25	25	49	50
Retail and business banking fees	16	20	32	40
Loan-related fees and income	19	21	40	43
Capital markets fees	27	21	44	36
Wealth management fees	14	13	29	27
Other customer-related fees	16	17	31	31
Customer-related noninterest income	162	154	313	305
Fair value and nonhedge derivative income	1	10	(2)	16
Dividends and other income (loss)	26	7	37	9
Securities gains (losses), net	—	1	1	(16)
Total noninterest income	189	172	349	314
Noninterest expense:				
Salaries and employee benefits	324	307	663	619
Technology, telecom, and information processing	58	53	113	105
Occupancy and equipment, net	40	36	80	74
Professional and legal services	16	14	29	28
Marketing and business development	13	9	25	17
Deposit insurance and regulatory expense	22	13	40	23
Credit-related expense	7	7	13	14
Other real estate expense, net	—	—	—	1
Other	28	25	57	47
Total noninterest expense	508	464	1,020	928
Income before income taxes	226	260	508	515
Income taxes	51	57	129	109
Net income	175	203	379	406
Preferred stock dividends	(9)	(8)	(15)	(16)
Net earnings applicable to common shareholders	\$ 166	\$ 195	\$ 364	\$ 390
Weighted average common shares outstanding during the period:				
Basic shares (in thousands)	147,692	150,635	147,852	150,958
Diluted shares (in thousands)	147,696	150,838	147,865	151,264
Net earnings per common share:				
Basic	\$ 1.11	\$ 1.29	\$ 2.44	\$ 2.56
Diluted	1.11	1.29	2.44	2.56

See accompanying notes to consolidated financial statements.

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Unaudited)

<i>(In millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net income for the period	\$ 175	\$ 203	\$ 379	\$ 406
Other comprehensive income (loss), net of tax:				
Net unrealized holding gains (losses) on investment securities ¹	(32)	(698)	94	(1,820)
Net unrealized losses on other noninterest-bearing investments	—	(1)	—	(1)
Net unrealized holding gains (losses) on derivative instruments	(8)	(50)	21	(184)
Reclassification adjustment for decrease (increase) in interest income recognized in earnings on derivative instruments	30	(5)	67	(15)
Total other comprehensive income (loss), net of tax	(10)	(754)	182	(2,020)
Comprehensive income (loss)	\$ 165	\$ (551)	\$ 561	\$ (1,614)

See accompanying notes to consolidated financial statements.

¹ For the three and six months ended June 30, 2023, the amounts include \$86 million and \$9 million related to the decline in the fair value of fixed-rate AFS securities as a result of higher interest rates, offset by \$54 million and \$103 million in amortization of the discount on the securities transferred from AFS to HTM during the fourth quarter of 2022, respectively.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited)

<i>(In millions, except shares and per share amounts)</i>	Preferred stock	Common stock		Accumulated paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Total shareholders' equity
		Shares <i>(in thousands)</i>	Amount				
Balance at March 31, 2023	\$ 440	148,100	\$ —	\$ 1,715	\$ 5,949	\$ (2,920)	\$ 5,184
Net income for the period					175		175
Other comprehensive loss, net of tax						(10)	(10)
Net activity under employee plans and related tax benefits		44		7			7
Dividends on preferred stock					(9)		(9)
Dividends on common stock, \$0.41 per share					(61)		(61)
Change in deferred compensation					(3)		(3)
Balance at June 30, 2023	\$ 440	148,144	\$ —	\$ 1,722	\$ 6,051	\$ (2,930)	\$ 5,283
Balance at March 31, 2022	\$ 440	151,348	\$ —	\$ 1,889	\$ 5,311	\$ (1,346)	\$ 6,294
Net income for the period					203		203
Other comprehensive loss, net of tax						(754)	(754)
Bank common stock repurchased		(936)		(50)			(50)
Net activity under employee plans and related tax benefits		59		6			6
Dividends on preferred stock					(8)		(8)
Dividends on common stock, \$0.38 per share					(58)		(58)
Change in deferred compensation					(1)		(1)
Balance at June 30, 2022	\$ 440	150,471	\$ —	\$ 1,845	\$ 5,447	\$ (2,100)	\$ 5,632

[Table of Contents](#)

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

<i>(In millions, except shares and per share amounts)</i>	Preferred stock	Common stock		Accumulated paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Total shareholders' equity
		Shares (in thousands)	Amount				
Balance at December 31, 2022	\$ 440	148,664	\$ —	\$ 1,754	\$ 5,811	\$ (3,112)	\$ 4,893
Net income for the period					379		379
Other comprehensive income, net of tax						182	182
Cumulative effect adjustment, due to adoption of ASU 2022-02, net of tax					2		2
Bank common stock repurchased		(953)		(50)			(50)
Net activity under employee plans and related tax benefits		433		18			18
Dividends on preferred stock					(15)		(15)
Dividends on common stock, \$0.82 per share					(122)		(122)
Change in deferred compensation					(4)		(4)
Balance at June 30, 2023	<u>\$ 440</u>	<u>148,144</u>	<u>\$ —</u>	<u>\$ 1,722</u>	<u>\$ 6,051</u>	<u>\$ (2,930)</u>	<u>\$ 5,283</u>
Balance at December 31, 2021	\$ 440	151,625	\$ —	\$ 1,928	\$ 5,175	\$ (80)	\$ 7,463
Net income for the period					406		406
Other comprehensive loss, net of tax						(2,020)	(2,020)
Bank common stock repurchased		(1,714)		(101)			(101)
Net activity under employee plans and related tax benefits		560		18			18
Dividends on preferred stock					(16)		(16)
Dividends on common stock, \$0.76 per share					(116)		(116)
Change in deferred compensation					(2)		(2)
Balance at June 30, 2022	<u>\$ 440</u>	<u>150,471</u>	<u>\$ —</u>	<u>\$ 1,845</u>	<u>\$ 5,447</u>	<u>\$ (2,100)</u>	<u>\$ 5,632</u>

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

<i>(In millions)</i>	Six Months Ended June 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	\$ 379	\$ 406
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	91	8
Depreciation and amortization	72	45
Share-based compensation	24	22
Deferred income tax expense (benefit)	(13)	29
Net decrease in trading securities	433	67
Net decrease (increase) in loans held for sale	(25)	42
Change in other liabilities	(363)	389
Change in other assets	164	(205)
Other, net	57	1
Net cash provided by operating activities	819	804
CASH FLOWS FROM INVESTING ACTIVITIES		
Net decrease in money market investments	1,454	8,895
Proceeds from maturities and paydowns of investment securities held-to-maturity	526	48
Purchases of investment securities held-to-maturity	(21)	(220)
Proceeds from sales, maturities, and paydowns of investment securities available-for-sale	1,328	1,915
Purchases of investment securities available-for-sale	(301)	(5,773)
Net change in loans and leases	(1,311)	(1,476)
Purchases and sales of other noninterest-bearing investments	176	(1)
Purchases of premises and equipment	(53)	(102)
Other, net	(18)	11
Net cash provided by investing activities	1,780	3,297
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase (decrease) in deposits	2,671	(3,728)
Net change in short-term borrowed funds	(4,904)	115
Redemption of long-term debt	(128)	(290)
Proceeds from the issuance of common stock	2	8
Dividends paid on common and preferred stock	(138)	(130)
Bank common stock repurchased	(50)	(101)
Other, net	(8)	(11)
Net cash used in financing activities	(2,555)	(4,137)
Net increase (decrease) in cash and due from banks	44	(36)
Cash and due from banks at beginning of period	657	595
Cash and due from banks at end of period	\$ 701	\$ 559
Cash paid for interest	\$ 546	\$ 31
Net cash paid for income taxes	231	4
Noncash activities:		
Loans held for investment reclassified to loans held for sale, net	49	61

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

June 30, 2023

1. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements of Zions Bancorporation, National Association and its majority-owned subsidiaries (collectively “Zions Bancorporation, N.A.,” “the Bank,” “we,” “our,” “us”) have been prepared in accordance with United States (“U.S.”) generally accepted accounting principles (“GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X.

Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. References to GAAP, including standards promulgated by the Financial Accounting Standards Board (“FASB”), are made according to sections of the Accounting Standards Codification (“ASC”).

The results of operations for the three and six months ended June 30, 2023 and 2022 are not necessarily indicative of the results that may be expected in future periods. In preparing the consolidated financial statements, we are required to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. For further information, refer to the consolidated financial statements and accompanying footnotes included in our 2022 Form 10-K.

We evaluated events that occurred between June 30, 2023 and the date the accompanying financial statements were issued, and determined that there were no material events that would require adjustments to our consolidated financial statements or significant disclosure in the accompanying Notes. As referenced in Note 7 of the Notes to Consolidated Financial Statements, we entered into additional pay-fixed swaps with an aggregate notional amount of \$1 billion that were designated as fair value hedges of a defined portfolio of fixed-rate commercial loans in July 2023.

Zions Bancorporation, N.A. is a commercial bank headquartered in Salt Lake City, Utah. We provide a wide range of banking products and related services in 11 Western and Southwestern states through seven separately managed bank divisions, which we refer to as “affiliates,” or “affiliate banks,” each with its own local branding and management team. These include Zions Bank, in Utah, Idaho, and Wyoming; California Bank & Trust (“CB&T”); Amegy Bank (“Amegy”), in Texas; National Bank of Arizona (“NBAZ”); Nevada State Bank (“NSB”); Vectra Bank Colorado (“Vectra”), in Colorado and New Mexico; and The Commerce Bank of Washington (“TCBW”) which operates under that name in Washington and under the name The Commerce Bank of Oregon in Oregon.

2. RECENT ACCOUNTING PRONOUNCEMENTS

Standard	Description	Date of adoption	Effect on the financial statements or other significant matters
Standards not yet adopted by the Bank			
<p>ASU 2023-02, <i>Investments—Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method (a consensus of the Emerging Issues Task Force)</i></p>	<p>This Accounting Standards Update (“ASU”) expands the optional use of the proportional amortization method (“PAM”), previously limited to investments in low-income housing tax credit (“LIHTC”) structures, to any eligible equity investments made primarily for the purpose of receiving income tax credit and other tax benefits when certain criteria are met. PAM results in the cost of the investment being amortized in proportion to the income tax credits and other income tax benefits received, with the amortization of the investment and the income tax credits being presented net in the income statement as a component of income tax expense (benefit).</p> <p>This ASU allows for an accounting policy election to apply PAM on a tax-credit-program-by-tax-credit-program basis. The ASU also includes additional disclosure requirements about equity investments accounted for using PAM.</p> <p>The new standard is effective for calendar year-end public companies beginning January 1, 2024, with early adoption permitted.</p>	<p>Periods beginning after December 15, 2023</p>	<p>We do not currently have any additional equity investments that are eligible for PAM under the provisions of this ASU. We will continue to evaluate its use for new investments. The overall effect of the guidance is not expected to have a material impact on our financial statements.</p> <p>We do not plan to early adopt this new standard.</p>
<p>ASU 2022-03, <i>Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions</i></p>	<p>This ASU clarifies that contractual restrictions prohibiting the sale of an equity security are not considered part of the unit of account of the equity security, and therefore, are not considered in measuring fair value. The amendments clarify that an entity cannot recognize and measure a contractual sale restriction as a separate unit of account. The amendments in this ASU also require additional qualitative and quantitative disclosures for equity securities subject to contractual sale restrictions.</p> <p>The new standard is effective for calendar year-end public companies beginning January 1, 2024, with early adoption permitted.</p>	<p>Periods beginning after December 15, 2023</p>	<p>The requirements of this ASU are consistent with our current treatment of equity securities subject to contractual sale restrictions and are not expected to impact the fair value measurements of these securities.</p> <p>We are evaluating supplementary disclosure requirements and additional data needed to meet these requirements. The overall effect of this standard is not expected to have a material impact on our financial statements.</p> <p>We do not plan to early adopt this new standard.</p>
Standards adopted by the Bank			
<p>ASU 2022-02, <i>Financial Instruments—Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures</i></p>	<p>This ASU eliminated the recognition and measurement requirements for troubled debt restructurings (“TDRs”) for creditors that have adopted ASC 326 (“CECL”), eliminated certain TDR disclosures, and required enhanced disclosures about loan modifications for borrowers experiencing financial difficulty.</p> <p>The new standard also required public companies to present current period gross charge-offs (on a current year-to-date basis for interim-period disclosures) by year of origination in their vintage disclosures.</p>	<p>Periods beginning after December 15, 2022</p>	<p>We adopted this ASU on a modified retrospective basis on January 1, 2023. It did not have a material impact on our financial statements.</p>

3. FAIR VALUE

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. For more information about our valuation methodologies for assets and liabilities measured at fair value and the fair value hierarchy, see Note 3 of our 2022 Form 10-K.

Fair Value Hierarchy

The following schedule presents assets and liabilities measured at fair value on a recurring basis:

<i>(In millions)</i>	June 30, 2023			
	Level 1	Level 2	Level 3	Total
ASSETS				
Available-for-sale securities:				
U.S. Treasury, agencies, and corporations	\$ 475	\$ 8,943	\$ —	\$ 9,418
Municipal securities		1,391		1,391
Other debt securities		23		23
Total available-for-sale	475	10,357	—	10,832
Trading securities		32		32
Other noninterest-bearing investments:				
Bank-owned life insurance		549		549
Private equity investments ¹	3		84	87
Other assets:				
Agriculture loan servicing and interest-only strips			17	17
Loans held for sale		20		20
Deferred compensation plan assets	114			114
Derivatives		491		491
Total assets	<u>\$ 592</u>	<u>\$ 11,449</u>	<u>\$ 101</u>	<u>\$ 12,142</u>
LIABILITIES				
Securities sold, not yet purchased	\$ 347	\$ —	\$ —	\$ 347
Other liabilities:				
Derivatives		409		409
Total liabilities	<u>\$ 347</u>	<u>\$ 409</u>	<u>\$ —</u>	<u>\$ 756</u>

¹ The Level 1 private equity investments (“PEIs”) relate to the portion of our Small Business Investment Company (“SBIC”) investments that are publicly traded.

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

(In millions)	December 31, 2022			
	Level 1	Level 2	Level 3	Total
ASSETS				
Available-for-sale securities:				
U.S. Treasury, agencies, and corporations	\$ 393	\$ 9,815	\$ —	\$ 10,208
Municipal securities		1,634		1,634
Other debt securities		73		73
Total available-for-sale	393	11,522	—	11,915
Trading securities	395	70		465
Other noninterest-bearing investments:				
Bank-owned life insurance		546		546
Private equity investments ¹	4		81	85
Other assets:				
Agriculture loan servicing and interest-only strips			14	14
Deferred compensation plan assets	114			114
Derivatives		386		386
Total assets	\$ 906	\$ 12,524	\$ 95	\$ 13,525
LIABILITIES				
Securities sold, not yet purchased	\$ 187	\$ —	\$ —	\$ 187
Other liabilities:				
Derivatives		451		451
Total liabilities	\$ 187	\$ 451	\$ —	\$ 638

¹ The Level 1 PEIs relate to the portion of our SBIC investments that are publicly traded.

Level 3 Valuations

Our Level 3 financial instruments include PEIs, agriculture loan servicing, and interest-only strips. For additional information regarding our Level 3 financial instruments, including the methods and significant assumptions used to estimate their fair value, see Note 3 of our 2022 Form 10-K.

Rollforward of Level 3 Fair Value Measurements

The following schedule presents a rollforward of assets and liabilities that are measured at fair value on a recurring basis using Level 3 inputs:

(In millions)	Level 3 Instruments							
	Three Months Ended				Six Months Ended			
	June 30, 2023		June 30, 2022		June 30, 2023		June 30, 2022	
	Private equity investments	Ag loan servicing & interest-only strips	Private equity investments	Ag loan servicing & interest-only strips	Private equity investments	Ag loan servicing & interest-only strips	Private equity investments	Ag loan servicing & interest-only strips
Balance at beginning of period	\$ 82	\$ 18	\$ 74	\$ 12	\$ 81	\$ 14	\$ 66	\$ 12
Unrealized securities gains (losses), net	(3)	—	—	—	(3)	—	5	—
Other noninterest income (expense)	—	(1)	—	—	—	3	—	—
Purchases	5	—	3	—	6	—	9	—
Cost of investments sold	—	—	—	—	—	—	(3)	—
Transfers out ¹	—	—	—	—	—	—	—	—
Balance at end of period	\$ 84	\$ 17	\$ 77	\$ 12	\$ 84	\$ 17	\$ 77	\$ 12

¹ Represents the transfer of SBIC investments out of Level 3 and into Level 1 because they are publicly traded.

[Table of Contents](#)

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

The rollforward of Level 3 instruments includes the following realized gains and losses recognized in securities gains (losses) on the consolidated statement of income for the periods presented:

(In millions)	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Securities gains (losses), net	\$ —	\$ —	\$ —	\$ (2)

Nonrecurring Fair Value Measurements

Certain assets and liabilities may be measured at fair value on a nonrecurring basis, including impaired loans that have been measured based on the fair value of the underlying collateral, other real estate owned (“OREO”), and equity investments without readily determinable fair values. Nonrecurring fair value adjustments generally include changes in value resulting from observable price changes for equity investments without readily determinable fair values, write-downs of individual assets, or the application of lower of cost or fair value accounting. At June 30, 2023, we had \$10 million of collateral-dependent loans classified in Level 2, and we recognized \$4 million of losses from fair value changes related to these loans. At December 31, 2022, we had an insignificant amount of assets or liabilities that had fair value changes measured on a nonrecurring basis. For additional information regarding the measurement of fair value for impaired loans, collateral-dependent loans, and OREO, see Note 3 of our 2022 Form 10-K.

Fair Value of Certain Financial Instruments

The following schedule presents the carrying values and estimated fair values of certain financial instruments:

(In millions)	June 30, 2023			December 31, 2022		
	Carrying value	Fair value	Level	Carrying value	Fair value	Level
Financial assets:						
Held-to-maturity investment securities	\$ 10,753	\$ 10,768	2	\$ 11,126	\$ 11,239	2
Loans and leases (including loans held for sale), net of allowance	56,302	53,885	3	55,086	53,093	3
Financial liabilities:						
Time deposits	12,259	12,187	2	2,309	2,269	2
Long-term debt	538	460	2	651	635	2

The previous schedule does not include certain financial instruments that are recorded at fair value on a recurring basis, as well as certain financial assets and liabilities for which the carrying value approximates fair value. For additional information regarding the financial instruments within the scope of this disclosure, and the methods and significant assumptions used to estimate their fair value, see Note 3 of our 2022 Form 10-K.

Fair Value Option for Certain Loans Held for Sale

During the second quarter of 2023, we elected the fair value option for certain commercial real estate loans that are intended for sale or securitization and are hedged with derivative instruments. Electing the fair value option reduces the accounting volatility that would otherwise result from the asymmetry created by accounting for the loans held for sale at the lower of cost or fair value and the derivatives at fair value without the complexity of applying hedge accounting. These loans are presented in “Loans held for sale” on the consolidated balance sheet, and associated gains and losses are presented in “Capital markets fees” on the consolidated statement of income. These commercial real estate loans measured at fair value are generally classified in Level 2 in the fair value hierarchy because their pricing is based on observable market inputs. At June 30, 2023, we had \$19.8 million of loans measured at fair value (\$20.0 million par value). For the second quarter of 2023, we recognized approximately \$2 million of net gains from fair value changes of loans carried at fair value and the associated derivatives.

4. OFFSETTING ASSETS AND LIABILITIES

The following schedules present gross and net information for selected financial instruments on the balance sheet.

June 30, 2023						
<i>(In millions)</i>	Gross amounts recognized	Gross amounts offset in the balance sheet	Net amounts presented in the balance sheet	Gross amounts not offset in the balance sheet		Net amount
				Financial instruments	Cash collateral received/pledged	
Assets:						
Federal funds sold and securities purchased under agreements to resell	\$ 868	\$ (87)	\$ 781	\$ —	\$ —	\$ 781
Derivatives (included in other assets)	491	—	491	(9)	(470)	12
Total assets	\$ 1,359	\$ (87)	\$ 1,272	\$ (9)	\$ (470)	\$ 793
Liabilities:						
Federal funds and other short-term borrowings	\$ 5,600	\$ (87)	\$ 5,513	\$ —	\$ —	\$ 5,513
Derivatives (included in other liabilities)	409	—	409	(9)	(1)	399
Total liabilities	\$ 6,009	\$ (87)	\$ 5,922	\$ (9)	\$ (1)	\$ 5,912

December 31, 2022						
<i>(In millions)</i>	Gross amounts recognized	Gross amounts offset in the balance sheet	Net amounts presented in the balance sheet	Gross amounts not offset in the balance sheet		Net amount
				Financial instruments	Cash collateral received/pledged	
Assets:						
Federal funds sold and securities purchased under agreements to resell	\$ 2,451	\$ (25)	\$ 2,426	\$ —	\$ —	\$ 2,426
Derivatives (included in other assets)	386	—	386	(10)	(367)	9
Total assets	\$ 2,837	\$ (25)	\$ 2,812	\$ (10)	\$ (367)	\$ 2,435
Liabilities:						
Federal funds and other short-term borrowings	\$ 10,442	\$ (25)	\$ 10,417	\$ —	\$ —	\$ 10,417
Derivatives (included in other liabilities)	451	—	451	(10)	—	441
Total liabilities	\$ 10,893	\$ (25)	\$ 10,868	\$ (10)	\$ —	\$ 10,858

Security repurchase and reverse repurchase agreements are offset, when applicable, in the balance sheet according to master netting agreements. Security repurchase agreements are included with “Federal funds and other short-term borrowings.” Derivative instruments may be offset under their master netting agreements; however, for accounting purposes, we present these items on a gross basis in our balance sheet. See Note 7 for further information regarding derivative instruments.

5. INVESTMENTS

Investment Securities

Investment securities are classified as held-to-maturity (“HTM”), available-for-sale (“AFS”), or trading. HTM securities, which management has the intent and ability to hold until maturity, are measured at amortized cost. The amortized cost amounts represent the original cost of the investments, adjusted for related amortization or accretion of any purchase premiums or discounts, and for any impairment losses, including credit-related impairment. When a security is transferred from AFS to HTM, the difference between its amortized cost basis and fair value at the date of transfer is amortized as a yield adjustment through interest income, and the fair value at the date of transfer results in a discount to the amortized cost basis of the HTM securities. The amortization of the unrealized losses reported in accumulated other comprehensive income (“AOCI”) will offset the effect of the accretion of the discount in interest income that is created by the transfer.

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

AFS securities are measured at fair value, and changes in fair value (unrealized gains and losses) are reported as net increases or decreases to AOCI, net of related taxes. Trading securities are measured at fair value with gains and losses recognized in current period earnings. The carrying values of our securities do not include accrued interest receivables of \$67 million and \$75 million at June 30, 2023 and December 31, 2022, respectively. These receivables are presented on the consolidated balance sheet in “Other assets.” See Notes 3 and 5 of our 2022 Form 10-K for more information regarding our process to estimate the fair value and accounting for our investment securities, respectively.

The following schedule presents the amortized cost and estimated fair values of our HTM and AFS securities:

June 30, 2023				
(In millions)	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Held-to-maturity				
U.S. Government agencies and corporations:				
Agency securities	\$ 96	\$ —	\$ 6	\$ 90
Agency guaranteed mortgage-backed securities ¹	10,289	116	70	10,335
Municipal securities	368	—	25	343
Total held-to-maturity	10,753	116	101	10,768
Available-for-sale				
U.S. Treasury securities	565	—	90	475
U.S. Government agencies and corporations:				
Agency securities	717	—	40	677
Agency guaranteed mortgage-backed securities	8,991	—	1,344	7,647
Small Business Administration loan-backed securities	646	—	27	619
Municipal securities	1,480	—	89	1,391
Other debt securities	25	—	2	23
Total available-for-sale	12,424	—	1,592	10,832
Total HTM and AFS investment securities	\$ 23,177	\$ 116	\$ 1,693	\$ 21,600
December 31, 2022				
(In millions)	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Held-to-maturity				
U.S. Government agencies and corporations:				
Agency securities	\$ 100	\$ —	\$ 7	\$ 93
Agency guaranteed mortgage-backed securities ¹	10,621	165	14	10,772
Municipal securities	405	—	31	374
Total held-to-maturity	11,126	165	52	11,239
Available-for-sale				
U.S. Treasury securities	557	—	164	393
U.S. Government agencies and corporations:				
Agency securities	782	—	46	736
Agency guaranteed mortgage-backed securities	9,652	—	1,285	8,367
Small Business Administration loan-backed securities	740	1	29	712
Municipal securities	1,732	1	99	1,634
Other debt securities	75	—	2	73
Total available-for-sale	13,538	2	1,625	11,915
Total HTM and AFS investment securities	\$ 24,664	\$ 167	\$ 1,677	\$ 23,154

¹ During the fourth quarter of 2022, we transferred approximately \$10.7 billion fair value (\$13.1 billion amortized cost) of mortgage-backed AFS securities to the HTM category to reflect our intent for these securities. The transfer of these securities from AFS to HTM at fair value resulted in a discount to the amortized cost basis of the HTM securities equivalent to the \$2.4 billion (\$1.8 billion after tax) of unrealized losses in AOCI. The amortization of the unrealized losses will offset the effect of the accretion of the discount created by the transfer. At June 30, 2023, the unamortized discount on the HTM securities totaled approximately \$2.2 billion (\$1.7 billion after tax).

[Table of Contents](#)

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

Maturities

The following schedule presents the amortized cost and weighted average yields of debt securities by contractual maturity of principal payments at June 30, 2023. This schedule does not reflect the duration of the portfolio, which would incorporate amortization, expected prepayments, interest rate resets, and fair value hedges.

	June 30, 2023									
	Total debt securities		Due in one year or less		Due after one year through five years		Due after five years through ten years		Due after ten years	
	Amortized cost	Average yield	Amortized cost	Average yield	Amortized cost	Average yield	Amortized cost	Average yield	Amortized cost	Average yield
<i>(Dollar amounts in millions)</i>										
Held-to-maturity										
U.S. Government agencies and corporations:										
Agency securities	\$ 96	3.54 %	\$ —	— %	\$ —	— %	\$ —	— %	\$ 96	3.54 %
Agency guaranteed mortgage-backed securities	10,289	1.84	—	—	—	—	46	2.02	10,243	1.84
Municipal securities ¹	368	3.15	27	2.77	135	2.98	168	3.33	38	3.19
Total held-to-maturity securities	10,753	1.90	27	2.77	135	2.98	214	3.05	10,377	1.86
Available-for-sale										
U.S. Treasury securities										
	565	3.12	164	5.01	—	—	—	—	401	2.35
U.S. Government agencies and corporations:										
Agency securities	717	2.65	114	1.07	191	3.13	218	2.63	194	3.12
Agency guaranteed mortgage-backed securities	8,991	1.99	21	4.38	233	1.56	1,502	2.09	7,235	1.97
Small Business Administration loan-backed securities	646	5.22	—	—	33	5.84	146	4.30	467	5.46
Municipal securities ¹	1,480	2.18	122	2.40	500	2.62	678	1.84	180	2.08
Other debt securities	25	8.53	—	—	—	—	10	9.50	15	7.88
Total available-for-sale securities	12,424	2.28	421	3.15	957	2.58	2,554	2.22	8,492	2.22
Total HTM and AFS investment securities	<u>\$ 23,177</u>	2.10 %	<u>\$ 448</u>	3.13 %	<u>\$ 1,092</u>	2.63 %	<u>\$ 2,768</u>	2.29 %	<u>\$ 18,869</u>	2.02 %

¹ The yields on tax-exempt securities are calculated on a tax-equivalent basis.

[Table of Contents](#)

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

The following schedule presents gross unrealized losses for AFS securities and the estimated fair value by length of time the securities have been in an unrealized loss position.

	June 30, 2023					
	Less than 12 months		12 months or more		Total	
	Gross unrealized losses	Estimated fair value	Gross unrealized losses	Estimated fair value	Gross unrealized losses	Estimated fair value
<i>(In millions)</i>						
Available-for-sale						
U.S. Treasury securities	\$ —	\$ 55	\$ 90	\$ 311	\$ 90	\$ 366
U.S. Government agencies and corporations:						
Agency securities	2	33	38	617	40	650
Agency guaranteed mortgage-backed securities	83	482	1,261	7,140	1,344	7,622
Small Business Administration loan-backed securities	—	21	27	525	27	546
Municipal securities	7	495	82	871	89	1,366
Other	—	—	2	13	2	13
Total available-for-sale investment securities	<u>\$ 92</u>	<u>\$ 1,086</u>	<u>\$ 1,500</u>	<u>\$ 9,477</u>	<u>\$ 1,592</u>	<u>\$ 10,563</u>

	December 31, 2022					
	Less than 12 months		12 months or more		Total	
	Gross unrealized losses	Estimated fair value	Gross unrealized losses	Estimated fair value	Gross unrealized losses	Estimated fair value
<i>(In millions)</i>						
Available-for-sale						
U.S. Treasury securities	\$ 94	\$ 308	\$ 70	\$ 85	\$ 164	\$ 393
U.S. Government agencies and corporations:						
Agency securities	39	634	7	102	46	736
Agency guaranteed mortgage-backed securities	447	4,322	838	4,042	1,285	8,364
Small Business Administration loan-backed securities	8	101	21	524	29	625
Municipal securities	63	1,295	36	256	99	1,551
Other	2	13	—	—	2	13
Total available-for-sale investment securities	<u>\$ 653</u>	<u>\$ 6,673</u>	<u>\$ 972</u>	<u>\$ 5,009</u>	<u>\$ 1,625</u>	<u>\$ 11,682</u>

At June 30, 2023 and December 31, 2022, approximately 3,219 and 3,562 AFS investment securities were in an unrealized loss position, respectively.

Impairment

On a quarterly basis, we review our investment securities portfolio for the presence of impairment on an individual security basis. For additional information on our policy and impairment evaluation process for investment securities, see Note 5 of our 2022 Form 10-K.

AFS Impairment

We did not recognize any impairment on our AFS investment securities portfolio during the first six months of 2023. Unrealized losses primarily relate to changes in interest rates subsequent to purchase and are not attributable to credit; as such, absent any future sales, we would expect to receive the full principal value at maturity. At June 30, 2023, we had not initiated any sales of AFS securities, nor did we have an intent to sell any identified securities with unrealized losses. We do not believe it is more likely than not that we would be required to sell such securities before recovery of their amortized cost basis.

HTM Impairment

For HTM securities, the allowance for credit losses (“ACL”) is assessed consistent with the approach described in Note 6 for loans and leases measured at amortized cost. At June 30, 2023, the ACL on HTM securities was less than \$1 million, all HTM securities were risk-graded as “Pass” in terms of credit quality, and none were considered past due.

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

Securities Gains and Losses Recognized in Income

The following schedule presents securities gains and losses recognized in the consolidated income statement.

<i>(In millions)</i>	Three Months Ended June 30,				Six Months Ended June 30,			
	2023		2022		2023		2022	
	Gross gains	Gross losses	Gross gains	Gross losses	Gross gains	Gross losses	Gross gains	Gross losses
Available-for-sale	\$ 71	\$ 71	\$ —	\$ —	\$ 72	\$ 73	\$ —	\$ —
Trading	7	7	—	—	10	9	—	—
Other noninterest-bearing investments	10	10	1	—	13	12	5	21
Total gains	88	88	1	—	95	94	5	21
Net gains (losses) ¹	<u>\$ —</u>		<u>\$ 1</u>		<u>\$ 1</u>		<u>\$ (16)</u>	

¹ Net gains (losses) were recognized in securities gains (losses) in the income statement.

The following schedule presents interest income by security type.

<i>(In millions)</i>	Three Months Ended June 30,					
	2023			2022		
	Taxable	Nontaxable	Total	Taxable	Nontaxable	Total
Investment securities:						
Held-to-maturity	\$ 59	\$ 1	\$ 60	\$ 3	\$ 1	\$ 4
Available-for-sale	69	8	77	109	11	120
Trading	—	1	1	—	4	4
Total securities	<u>\$ 128</u>	<u>\$ 10</u>	<u>\$ 138</u>	<u>\$ 112</u>	<u>\$ 16</u>	<u>\$ 128</u>

<i>(In millions)</i>	Six Months Ended June 30,					
	2023			2022		
	Taxable	Nontaxable	Total	Taxable	Nontaxable	Total
Investment securities:						
Held-to-maturity	\$ 120	\$ 2	\$ 122	\$ 5	\$ 2	\$ 7
Available-for-sale	138	14	152	205	19	224
Trading	—	1	1	—	9	9
Total securities	<u>\$ 258</u>	<u>\$ 17</u>	<u>\$ 275</u>	<u>\$ 210</u>	<u>\$ 30</u>	<u>\$ 240</u>

6. LOANS, LEASES, AND ALLOWANCE FOR CREDIT LOSSES***Loans, Leases, and Loans Held for Sale***

Loans and leases are summarized as follows according to major portfolio segment and specific loan class:

<i>(In millions)</i>	June 30, 2023	December 31, 2022
Loans held for sale	\$ 36	\$ 8
Commercial:		
Commercial and industrial ¹	\$ 16,622	\$ 16,377
Leasing	388	386
Owner-occupied	9,328	9,371
Municipal	4,354	4,361
Total commercial	30,692	30,495
Commercial real estate:		
Construction and land development	2,498	2,513
Term	10,406	10,226
Total commercial real estate	12,904	12,739
Consumer:		
Home equity credit line	3,291	3,377
1-4 family residential	7,980	7,286
Construction and other consumer real estate	1,434	1,161
Bankcard and other revolving plans	466	471
Other	150	124
Total consumer	13,321	12,419
Total loans and leases	\$ 56,917	\$ 55,653

¹ Commercial and industrial loan balances include Paycheck Protection Program (“PPP”) loans of \$126 million and \$197 million for the respective periods presented.

Loans and leases are measured and presented at their amortized cost basis, which includes net unamortized purchase premiums, discounts, and deferred loan fees and costs totaling \$38 million and \$49 million at June 30, 2023 and December 31, 2022, respectively. Amortized cost basis does not include accrued interest receivables of \$263 million and \$247 million at June 30, 2023 and December 31, 2022, respectively. These receivables are presented in the consolidated balance sheet within the “Other assets” line item.

Municipal loans generally include loans to state and local governments (“municipalities”) with the debt service being repaid from general funds or pledged revenues of the municipal entity, or to private commercial entities or 501(c)(3) not-for-profit entities utilizing a pass-through municipal entity to achieve favorable tax treatment.

Land acquisition and development loans included in the construction and land development loan portfolio were \$229 million at June 30, 2023 and \$262 million at December 31, 2022.

Loans with a carrying value of \$39.8 billion at June 30, 2023 and \$27.6 billion at December 31, 2022 have been pledged at the Federal Reserve (“FRB”) and the Federal Home Loan Bank (“FHLB”) of Des Moines as collateral for current and potential borrowings.

At the time of origination, we determine the classification of loans as either held for investment or held for sale. Loans held for sale are measured at fair value or the lower of cost or fair value and primarily consist of (1) commercial real estate loans that are sold into securitization entities, and (2) conforming residential mortgages that are generally sold to U.S. government agencies. The following schedule presents loans added to, or sold from, the held for sale category during the periods presented.

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

<i>(In millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Loans added to held for sale	\$ 220	\$ 190	\$ 306	\$ 487
Loans sold from held for sale	188	187	277	523

Occasionally, we have continuing involvement in the sold loans in the form of servicing rights or guarantees. The principal balance of sold loans for which we retain servicing was \$3.4 billion and \$3.5 billion at June 30, 2023 and December 31, 2022, respectively. Income from sold loans, excluding servicing, was \$2 million and \$7 million for the three and six months ended June 30, 2023, and \$4 million and \$10 million for the three and six months ended June 30, 2022, respectively.

Allowance for Credit Losses

The allowance for credit losses (“ACL”), which consists of the allowance for loan and lease losses (“ALLL”) and the reserve for unfunded lending commitments (“RULC”), represents our estimate of current expected credit losses related to the loan and lease portfolio and unfunded lending commitments as of the balance sheet date. For additional information regarding our policies and methodologies used to estimate the ACL, see Note 6 of our 2022 Form 10-K.

The ACL for AFS and HTM debt securities is estimated separately from loans. For HTM securities, the ACL is estimated consistent with the approach for loans measured at amortized cost. See Note 5 of our 2022 Form 10-K for further discussion of our methodology used to estimate the ACL on AFS and HTM debt securities.

Changes in the ACL are summarized as follows:

<i>(In millions)</i>	Three Months Ended June 30, 2023			
	Commercial	Commercial real estate	Consumer	Total
Allowance for loan losses				
Balance at beginning of period	\$ 313	\$ 160	\$ 145	\$ 618
Provision for loan losses	24	21	1	46
Gross loan and lease charge-offs	20	—	2	22
Recoveries	6	—	3	9
Net loan and lease charge-offs (recoveries)	14	—	(1)	13
Balance at end of period	\$ 323	\$ 181	\$ 147	\$ 651
Reserve for unfunded lending commitments				
Balance at beginning of period	\$ 19	\$ 28	\$ 13	\$ 60
Provision for unfunded lending commitments	1	1	(2)	—
Balance at end of period	\$ 20	\$ 29	\$ 11	\$ 60
Total allowance for credit losses at end of period				
Allowance for loan losses	\$ 323	\$ 181	\$ 147	\$ 651
Reserve for unfunded lending commitments	20	29	11	60
Total allowance for credit losses	\$ 343	\$ 210	\$ 158	\$ 711

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

<i>(In millions)</i>	Six Months Ended June 30, 2023			
	Commercial	Commercial real estate	Consumer	Total
Allowance for loan losses				
Balance at December 31, 2022	\$ 300	\$ 156	\$ 119	\$ 575
Adjustment for change in accounting standard	—	(4)	1	(3)
Balance at beginning of period	\$ 300	\$ 152	\$ 120	\$ 572
Provision for loan losses	34	29	29	92
Gross loan and lease charge-offs	23	—	6	29
Recoveries	12	—	4	16
Net loan and lease charge-offs (recoveries)	11	—	2	13
Balance at end of period	\$ 323	\$ 181	\$ 147	\$ 651
Reserve for unfunded lending commitments				
Balance at beginning of period	\$ 16	\$ 33	\$ 12	\$ 61
Provision for unfunded lending commitments	4	(4)	(1)	(1)
Balance at end of period	\$ 20	\$ 29	\$ 11	\$ 60
Total allowance for credit losses at end of period				
Allowance for loan losses	\$ 323	\$ 181	\$ 147	\$ 651
Reserve for unfunded lending commitments	20	29	11	60
Total allowance for credit losses	\$ 343	\$ 210	\$ 158	\$ 711

<i>(In millions)</i>	Three Months Ended June 30, 2022			
	Commercial	Commercial real estate	Consumer	Total
Allowance for loan losses				
Balance at beginning of period	\$ 282	\$ 102	\$ 94	\$ 478
Provision for loan losses	12	12	15	39
Gross loan and lease charge-offs	15	—	3	18
Recoveries	7	—	2	9
Net loan and lease charge-offs (recoveries)	8	—	1	9
Balance at end of period	\$ 286	\$ 114	\$ 108	\$ 508
Reserve for unfunded lending commitments				
Balance at beginning of period	\$ 14	\$ 12	\$ 10	\$ 36
Provision for unfunded lending commitments	(1)	3	—	2
Balance at end of period	\$ 13	\$ 15	\$ 10	\$ 38
Total allowance for credit losses at end of period				
Allowance for loan losses	\$ 286	\$ 114	\$ 108	\$ 508
Reserve for unfunded lending commitments	13	15	10	38
Total allowance for credit losses	\$ 299	\$ 129	\$ 118	\$ 546

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

<i>(In millions)</i>	Six Months Ended June 30, 2022			
	Commercial	Commercial real estate	Consumer	Total
Allowance for loan losses				
Balance at beginning of period	\$ 311	\$ 107	\$ 95	\$ 513
Provision for loan losses	(12)	7	15	10
Gross loan and lease charge-offs	28	—	7	35
Recoveries	15	—	5	20
Net loan and lease charge-offs (recoveries)	13	—	2	15
Balance at end of period	<u>\$ 286</u>	<u>\$ 114</u>	<u>\$ 108</u>	<u>\$ 508</u>
Reserve for unfunded lending commitments				
Balance at beginning of period	\$ 19	\$ 11	\$ 10	\$ 40
Provision for unfunded lending commitments	(6)	4	—	(2)
Balance at end of period	<u>\$ 13</u>	<u>\$ 15</u>	<u>\$ 10</u>	<u>\$ 38</u>
Total allowance for credit losses at end of period				
Allowance for loan losses	\$ 286	\$ 114	\$ 108	\$ 508
Reserve for unfunded lending commitments	13	15	10	38
Total allowance for credit losses	<u>\$ 299</u>	<u>\$ 129</u>	<u>\$ 118</u>	<u>\$ 546</u>

Nonaccrual Loans

Loans are generally placed on nonaccrual status when payment in full of principal and interest is not expected, or the loan is 90 days or more past due as to principal or interest, unless the loan is both well-secured and in the process of collection. Factors we consider in determining whether a loan is placed on nonaccrual include delinquency status, collateral value, borrower or guarantor financial statement information, bankruptcy status, and other information which would indicate that the full and timely collection of interest and principal is uncertain.

A nonaccrual loan may be returned to accrual status when (1) all delinquent interest and principal become current in accordance with the terms of the loan agreement, (2) the loan, if secured, is well-secured, (3) the borrower has paid according to the contractual terms for a minimum of six months, and (4) an analysis of the borrower indicates a reasonable assurance of the borrower's ability and willingness to maintain payments.

The amortized cost basis of nonaccrual loans is summarized as follows:

<i>(In millions)</i>	June 30, 2023			
	Amortized cost basis		Total amortized cost basis	Related allowance
	with no allowance	with allowance		
Commercial:				
Commercial and industrial	\$ 11	\$ 60	\$ 71	\$ 33
Owner-occupied	20	9	29	1
Total commercial	31	69	100	34
Commercial real estate:				
Term	7	6	13	1
Total commercial real estate	7	6	13	1
Consumer:				
Home equity credit line	—	12	12	3
1-4 family residential	2	35	37	5
Total consumer loans	2	47	49	8
Total	<u>\$ 40</u>	<u>\$ 122</u>	<u>\$ 162</u>	<u>\$ 43</u>

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

<i>(In millions)</i>	December 31, 2022			
	Amortized cost basis		Total amortized cost basis	Related allowance
	with no allowance	with allowance		
Commercial:				
Commercial and industrial	\$ 8	\$ 55	\$ 63	\$ 27
Owner-occupied	13	11	24	1
Total commercial	21	66	87	28
Commercial real estate:				
Term	—	14	14	2
Total commercial real estate	—	14	14	2
Consumer:				
Home equity credit line	1	10	11	2
1-4 family residential	9	28	37	3
Total consumer loans	10	38	48	5
Total	\$ 31	\$ 118	\$ 149	\$ 35

For accruing loans, interest is accrued and interest payments are recognized into interest income according to the contractual loan agreement. For nonaccruing loans, the accrual of interest is discontinued, any uncollected or accrued interest is reversed from interest income in a timely manner (generally within one month), and any payments received on these loans are not recognized into interest income, but are applied as a reduction to the principal outstanding. When the collectability of the amortized cost basis for a nonaccrual loan is no longer in doubt, then interest payments may be recognized in interest income on a cash basis. For the three and six months ended June 30, 2023 and 2022, there was no interest income recognized on a cash basis during the period the loans were on nonaccrual.

The amount of accrued interest receivables reversed from interest income during the periods presented is summarized by loan portfolio segment as follows:

<i>(In millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	Commercial	\$ 3	\$ 4	\$ 5
Commercial real estate	—	—	—	—
Consumer	1	—	1	—
Total	\$ 4	\$ 4	\$ 6	\$ 8

Past Due Loans

Closed-end loans with payments scheduled monthly are reported as past due when the borrower is in arrears for two or more monthly payments. Similarly, open-end credits, such as bankcard and other revolving credit plans, are reported as past due when the minimum payment has not been made for two or more billing cycles. Other multi-payment obligations (i.e., quarterly, semi-annual, etc.), single payment, and demand notes, are reported as past due when either principal or interest is due and unpaid for a period of 30 days or more.

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

Past due loans (accruing and nonaccruing) are summarized as follows:

		June 30, 2023					
(In millions)	Current	30-89 days past due	90+ days past due	Total past due	Total loans	Accruing loans 90+ days past due	Nonaccrual loans that are current ¹
Commercial:							
Commercial and industrial	\$ 16,594	\$ 18	\$ 10	\$ 28	\$ 16,622	\$ 3	\$ 57
Leasing	388	—	—	—	388	—	—
Owner-occupied	9,320	5	3	8	9,328	—	24
Municipal	4,347	7	—	7	4,354	—	—
Total commercial	30,649	30	13	43	30,692	3	81
Commercial real estate:							
Construction and land development	2,497	1	—	1	2,498	—	—
Term	10,385	18	3	21	10,406	3	13
Total commercial real estate	12,882	19	3	22	12,904	3	13
Consumer:							
Home equity credit line	3,275	12	4	16	3,291	—	6
1-4 family residential	7,950	10	20	30	7,980	—	14
Construction and other consumer real estate	1,434	—	—	—	1,434	—	—
Bankcard and other revolving plans	463	2	1	3	466	1	—
Other	149	1	—	1	150	—	—
Total consumer loans	13,271	25	25	50	13,321	1	20
Total	<u>\$ 56,802</u>	<u>\$ 74</u>	<u>\$ 41</u>	<u>\$ 115</u>	<u>\$ 56,917</u>	<u>\$ 7</u>	<u>\$ 114</u>
		December 31, 2022					
(In millions)	Current	30-89 days past due	90+ days past due	Total past due	Total loans	Accruing loans 90+ days past due	Nonaccrual loans that are current ¹
Commercial:							
Commercial and industrial	\$ 16,331	\$ 24	\$ 22	\$ 46	\$ 16,377	\$ 4	\$ 45
Leasing	386	—	—	—	386	—	—
Owner-occupied	9,344	20	7	27	9,371	1	15
Municipal	4,361	—	—	—	4,361	—	—
Total commercial	30,422	44	29	73	30,495	5	60
Commercial real estate:							
Construction and land development	2,511	2	—	2	2,513	—	—
Term	10,179	37	10	47	10,226	—	4
Total commercial real estate	12,690	39	10	49	12,739	—	4
Consumer:							
Home equity credit line	3,369	5	3	8	3,377	—	6
1-4 family residential	7,258	9	19	28	7,286	—	16
Construction and other consumer real estate	1,161	—	—	—	1,161	—	—
Bankcard and other revolving plans	467	3	1	4	471	1	—
Other	124	—	—	—	124	—	—
Total consumer loans	12,379	17	23	40	12,419	1	22
Total	<u>\$ 55,491</u>	<u>\$ 100</u>	<u>\$ 62</u>	<u>\$ 162</u>	<u>\$ 55,653</u>	<u>\$ 6</u>	<u>\$ 86</u>

¹ Represents nonaccrual loans that are not past due more than 30 days; however, full payment of principal and interest is still not expected.

Credit Quality Indicators

In addition to the nonaccrual and past due criteria, we also analyze loans using loan risk-grading systems, which vary based on the size and type of credit risk exposure. The internal risk grades assigned to loans follow our definition of Pass, Special Mention, Substandard, and Doubtful, which are consistent with published definitions of regulatory risk classifications.

- *Pass* – A Pass asset is higher-quality and does not fit any of the other categories described below. The likelihood of loss is considered low.
- *Special Mention* – A Special Mention asset has potential weaknesses that deserve management’s close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in our credit position at some future date.
- *Substandard* – A Substandard asset is inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Assets so classified have well-defined weaknesses and are characterized by the distinct possibility that we may sustain some loss if deficiencies are not corrected.
- *Doubtful* – A Doubtful asset has all the weaknesses inherent in a Substandard asset with the added characteristics that the weaknesses make collection or liquidation in full highly questionable and improbable.

There were no loans classified as Doubtful at June 30, 2023 and December 31, 2022.

For consumer loans and for commercial and commercial real estate (“CRE”) loans with commitments greater than \$1 million, we generally assign internal risk grades similar to those described previously based on automated rules that depend on refreshed credit scores, payment performance, and other risk indicators. These are generally assigned either a Pass, Special Mention, or Substandard grade, and are reviewed as we identify information that might warrant a grade change.

The following schedule presents the amortized cost basis of loans and leases categorized by year of origination and by credit quality classification as monitored by management. The schedule also summarizes the current period gross charge-offs by year of origination.

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

June 30, 2023

(In millions)	June 30, 2023									
	Term loans						Revolving loans amortized cost basis	Revolving loans converted to term loans amortized cost basis	Total	
	Amortized cost basis by year of origination									
2023	2022	2021	2020	2019	Prior					
Commercial:										
Commercial and industrial										
Pass	\$ 1,442	\$ 2,955	\$ 1,550	\$ 758	\$ 600	\$ 703	\$ 8,039	\$ 177	\$ 16,224	
Special Mention	1	3	7	5	1	49	88	1	155	
Accruing Substandard	1	37	3	3	33	28	65	2	172	
Nonaccrual	5	5	2	2	1	1	52	3	71	
Total commercial and industrial	1,449	3,000	1,562	768	635	781	8,244	183	16,622	
Gross charge-offs	—	6	5	—	—	—	7	2	20	
Leasing										
Pass	53	146	58	38	54	31	—	—	380	
Special Mention	—	1	1	—	—	—	—	—	2	
Accruing Substandard	—	2	—	—	—	4	—	—	6	
Nonaccrual	—	—	—	—	—	—	—	—	—	
Total leasing	53	149	59	38	54	35	—	—	388	
Gross charge-offs	—	—	—	—	—	—	—	—	—	
Owner-occupied										
Pass	662	2,027	2,077	1,058	761	2,128	199	48	8,960	
Special Mention	2	5	66	3	17	13	2	—	108	
Accruing Substandard	5	32	51	20	17	102	4	—	231	
Nonaccrual	1	—	1	12	3	11	1	—	29	
Total owner-occupied	670	2,064	2,195	1,093	798	2,254	206	48	9,328	
Gross charge-offs	—	—	—	—	—	—	—	—	—	
Municipal										
Pass	250	1,188	1,194	688	407	575	4	—	4,306	
Special Mention	—	38	—	—	—	—	—	—	38	
Accruing Substandard	—	—	6	3	1	—	—	—	10	
Nonaccrual	—	—	—	—	—	—	—	—	—	
Total municipal	250	1,226	1,200	691	408	575	4	—	4,354	
Gross charge-offs	—	—	—	—	—	—	—	—	—	
Total commercial	2,422	6,439	5,016	2,590	1,895	3,645	8,454	231	30,692	
Total commercial gross charge-offs	—	6	5	—	—	—	7	2	20	
Commercial real estate:										
Construction and land development										
Pass	182	667	667	270	36	3	490	118	2,433	
Special Mention	5	—	—	12	—	—	15	—	32	
Accruing Substandard	—	10	1	—	22	—	—	—	33	
Nonaccrual	—	—	—	—	—	—	—	—	—	
Total construction and land development	187	677	668	282	58	3	505	118	2,498	
Gross charge-offs	—	—	—	—	—	—	—	—	—	
Term										
Pass	876	2,704	1,888	1,673	969	1,639	219	173	10,141	
Special Mention	23	17	1	41	2	9	—	—	93	
Accruing Substandard	30	23	1	37	27	41	—	—	159	
Nonaccrual	—	—	—	—	4	9	—	—	13	
Total term	929	2,744	1,890	1,751	1,002	1,698	219	173	10,406	
Gross charge-offs	—	—	—	—	—	—	—	—	—	
Total commercial real estate	1,116	3,421	2,558	2,033	1,060	1,701	724	291	12,904	
Total commercial real estate gross charge-offs	—	—	—	—	—	—	—	—	—	

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

June 30, 2023

(In millions)	Term loans						Revolving loans amortized cost basis	Revolving loans converted to term loans amortized cost basis	Total
	Amortized cost basis by year of origination								
	2023	2022	2021	2020	2019	Prior			
Consumer:									
Home equity credit line									
Pass	—	—	—	—	—	—	3,184	93	3,277
Special Mention	—	—	—	—	—	—	—	—	—
Accruing Substandard	—	—	—	—	—	—	2	—	2
Nonaccrual	—	—	—	—	—	—	10	2	12
Total home equity credit line	—	—	—	—	—	—	3,196	95	3,291
Gross charge-offs	—	—	—	—	—	—	—	—	—
1-4 family residential									
Pass	651	1,970	1,664	1,011	620	2,025	—	—	7,941
Special Mention	—	—	—	—	—	—	—	—	—
Accruing Substandard	—	—	—	—	—	2	—	—	2
Nonaccrual	—	—	2	3	4	28	—	—	37
Total 1-4 family residential	651	1,970	1,666	1,014	624	2,055	—	—	7,980
Gross charge-offs	—	—	—	—	—	—	—	—	—
Construction and other consumer real estate									
Pass	74	940	372	27	12	9	—	—	1,434
Special Mention	—	—	—	—	—	—	—	—	—
Accruing Substandard	—	—	—	—	—	—	—	—	—
Nonaccrual	—	—	—	—	—	—	—	—	—
Total construction and other consumer real estate	74	940	372	27	12	9	—	—	1,434
Gross charge-offs	—	—	—	—	—	—	—	—	—
Bankcard and other revolving plans									
Pass	—	—	—	—	—	—	462	2	464
Special Mention	—	—	—	—	—	—	—	—	—
Accruing Substandard	—	—	—	—	—	—	2	—	2
Nonaccrual	—	—	—	—	—	—	—	—	—
Total bankcard and other revolving plans	—	—	—	—	—	—	464	2	466
Gross charge-offs	—	—	—	—	—	—	2	—	2
Other consumer									
Pass	61	48	24	8	6	3	—	—	150
Special Mention	—	—	—	—	—	—	—	—	—
Accruing Substandard	—	—	—	—	—	—	—	—	—
Nonaccrual	—	—	—	—	—	—	—	—	—
Total other consumer	61	48	24	8	6	3	—	—	150
Gross charge-offs	—	—	—	—	—	—	—	—	—
Total consumer	786	2,958	2,062	1,049	642	2,067	3,660	97	13,321
Total consumer gross charge-offs	—	—	—	—	—	—	2	—	2
Total loans	\$ 4,324	\$ 12,818	\$ 9,636	\$ 5,672	\$ 3,597	\$ 7,413	\$ 12,838	\$ 619	\$ 56,917
Total gross charge-offs	\$ —	\$ 6	\$ 5	\$ —	\$ —	\$ —	\$ 9	\$ 2	\$ 22

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

December 31, 2022

(In millions)	Term loans						Revolving loans amortized cost basis	Revolving loans converted to term loans amortized cost basis	Total
	Amortized cost basis by year of origination								
	2022	2021	2020	2019	2018	Prior			
Commercial:									
Commercial and industrial									
Pass	\$ 3,363	\$ 1,874	\$ 979	\$ 876	\$ 293	\$ 264	\$ 8,054	\$ 182	\$ 15,885
Special Mention	1	2	10	52	1	2	50	—	118
Accruing Substandard	26	7	17	78	30	67	84	2	311
Nonaccrual	—	8	5	11	1	2	32	4	63
Total commercial and industrial	3,390	1,891	1,011	1,017	325	335	8,220	188	16,377
Leasing									
Pass	160	71	47	66	18	19	—	—	381
Special Mention	—	—	—	—	—	—	—	—	—
Accruing Substandard	—	—	—	—	—	5	—	—	5
Nonaccrual	—	—	—	—	—	—	—	—	—
Total leasing	160	71	47	66	18	24	—	—	386
Owner-occupied									
Pass	2,157	2,285	1,143	874	654	1,679	187	74	9,053
Special Mention	1	15	5	8	3	16	1	—	49
Accruing Substandard	16	33	48	20	55	64	9	—	245
Nonaccrual	1	1	2	4	5	10	1	—	24
Total owner-occupied	2,175	2,334	1,198	906	717	1,769	198	74	9,371
Municipal									
Pass	1,230	1,220	816	441	168	437	8	—	4,320
Special Mention	32	6	—	—	—	—	—	—	38
Accruing Substandard	—	—	—	—	—	3	—	—	3
Nonaccrual	—	—	—	—	—	—	—	—	—
Total municipal	1,262	1,226	816	441	168	440	8	—	4,361
Total commercial	6,987	5,522	3,072	2,430	1,228	2,568	8,426	262	30,495
Commercial real estate:									
Construction and land development									
Pass	548	671	455	81	2	2	617	96	2,472
Special Mention	1	1	—	—	—	—	—	—	2
Accruing Substandard	17	—	—	22	—	—	—	—	39
Nonaccrual	—	—	—	—	—	—	—	—	—
Total construction and land development	566	672	455	103	2	2	617	96	2,513
Term									
Pass	2,861	2,107	1,686	1,012	666	1,229	276	112	9,949
Special Mention	39	21	11	—	4	1	—	—	76
Accruing Substandard	42	2	34	21	53	35	—	—	187
Nonaccrual	—	—	—	4	1	9	—	—	14
Total term	2,942	2,130	1,731	1,037	724	1,274	276	112	10,226
Total commercial real estate	3,508	2,802	2,186	1,140	726	1,276	893	208	12,739

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

	December 31, 2022									
	Term loans						Revolving loans amortized cost basis	Revolving loans converted to term loans amortized cost basis	Total	
	Amortized cost basis by year of origination									
(In millions)	2022	2021	2020	2019	2018	Prior				
Consumer:										
Home equity credit line										
Pass	—	—	—	—	—	—	3,265	98	3,363	
Special Mention	—	—	—	—	—	—	—	—	—	
Accruing Substandard	—	—	—	—	—	—	3	—	3	
Nonaccrual	—	—	—	—	—	—	8	3	11	
Total home equity credit line	—	—	—	—	—	—	3,276	101	3,377	
1-4 family residential										
Pass	1,913	1,503	1,024	638	381	1,788	—	—	7,247	
Special Mention	—	—	—	—	—	—	—	—	—	
Accruing Substandard	—	—	—	—	—	2	—	—	2	
Nonaccrual	—	2	2	4	3	26	—	—	37	
Total 1-4 family residential	1,913	1,505	1,026	642	384	1,816	—	—	7,286	
Construction and other consumer real estate										
Pass	583	485	64	19	5	5	—	—	1,161	
Special Mention	—	—	—	—	—	—	—	—	—	
Accruing Substandard	—	—	—	—	—	—	—	—	—	
Nonaccrual	—	—	—	—	—	—	—	—	—	
Total construction and other consumer real estate	583	485	64	19	5	5	—	—	1,161	
Bankcard and other revolving plans										
Pass	—	—	—	—	—	—	468	2	470	
Special Mention	—	—	—	—	—	—	—	—	—	
Accruing Substandard	—	—	—	—	—	—	1	—	1	
Nonaccrual	—	—	—	—	—	—	—	—	—	
Total bankcard and other revolving plans	—	—	—	—	—	—	469	2	471	
Other consumer										
Pass	68	30	12	8	4	2	—	—	124	
Special Mention	—	—	—	—	—	—	—	—	—	
Accruing Substandard	—	—	—	—	—	—	—	—	—	
Nonaccrual	—	—	—	—	—	—	—	—	—	
Total other consumer	68	30	12	8	4	2	—	—	124	
Total consumer	2,564	2,020	1,102	669	393	1,823	3,745	103	12,419	
Total loans	\$ 13,059	\$ 10,344	\$ 6,360	\$ 4,239	\$ 2,347	\$ 5,667	\$ 13,064	\$ 573	\$ 55,653	

Loan Modifications

On January 1, 2023, we adopted ASU 2022-02, *Financial Instruments—Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures*, which eliminated the recognition and measurement of troubled debt restructurings (“TDRs”) and their related disclosures. As a result, we no longer separately measure an allowance for credit losses for TDRs, relying instead on our credit loss estimation models. The adoption of this guidance did not have a material impact on our financial statements.

ASU 2022-02 requires enhanced disclosures for loan modifications to borrowers experiencing financial difficulty. Loans may be modified in the normal course of business for competitive reasons or to strengthen our collateral position. Loan modifications may also occur when the borrower experiences financial difficulty and needs

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

temporary or permanent relief from the original contractual terms of the loan. For loans that have been modified with a borrower experiencing financial difficulty, we use the same credit loss estimation methods that we use for the rest of the loan portfolio. These methods incorporate the post-modification loan terms, as well as defaults and charge-offs associated with historical modified loans. All nonaccruing loans more than \$1 million are evaluated individually, regardless of modification.

We consider many factors in determining whether to agree to a loan modification and we seek a solution that will both minimize potential loss to us and attempt to help the borrower. We evaluate borrowers' current and forecasted future cash flows, their ability and willingness to make current contractual or proposed modified payments, the value of the underlying collateral (if applicable), the possibility of obtaining additional security or guarantees, and the potential costs related to a repossession or foreclosure and the subsequent sale of the collateral.

A modified loan on nonaccrual will generally remain on nonaccrual until the borrower has proven the ability to perform under the modified structure for a minimum of six months, and there is evidence that such payments can and are likely to continue as agreed. Performance prior to the modification, or significant events that coincide with the modification, are included in assessing whether the borrower can meet the new terms and may result in the loan being returned to accrual at the time of modification or after a shorter performance period. If the borrower's ability to meet the revised payment schedule is uncertain, the loan remains on nonaccrual. There were no loans to borrowers experiencing financial difficulty that had a payment default during the three and six months ended June 30, 2023, which were still in default at period end, and were within 12 months or less of being modified.

The amortized cost of loans to borrowers experiencing financial difficulty that were modified during the period, by loan class and modification type, is summarized in the following schedule:

Three Months Ended June 30, 2023						
Amortized cost associated with the following modification types:						
<i>(In millions)</i>	Interest rate reduction	Maturity or term extension	Principal forgiveness	Multiple modification types ¹	Total ²	Percentage of total loans ³
Commercial:						
Commercial and industrial	\$ 1	\$ 27	\$ —	\$ —	\$ 28	0.2 %
Owner-occupied	—	20	—	—	20	0.2
Total commercial	1	47	—	—	48	0.2
Commercial real estate:						
Construction and land development	—	18	—	—	18	0.7
Term	—	34	—	—	34	0.3
Total commercial real estate	—	52	—	—	52	0.4
Consumer:						
1-4 family residential	—	—	1	1	2	—
Bankcard and other revolving plans	—	1	—	—	1	0.2
Total consumer loans	—	1	1	1	3	—
Total	\$ 1	\$ 100	\$ 1	\$ 1	\$ 103	0.2 %

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

		Six Months Ended June 30, 2023					
		Amortized cost associated with the following modification types:					
(In millions)	Interest rate reduction	Maturity or term extension	Principal forgiveness	Multiple modification types ¹	Total ²	Percentage of total loans ³	
Commercial:							
Commercial and industrial	\$ 1	\$ 42	\$ —	\$ —	\$ 43	0.3 %	
Owner-occupied	4	22	—	—	26	0.3	
Total commercial	5	64	—	—	69	0.2	
Commercial real estate:							
Construction and land development	—	18	—	—	18	0.7	
Term	—	58	—	—	58	0.6	
Total commercial real estate	—	76	—	—	76	0.6	
Consumer:							
1-4 family residential	—	—	1	1	2	—	
Bankcard and other revolving plans	—	1	—	—	1	0.2	
Total consumer loans	—	1	1	1	3	—	
Total	<u>\$ 5</u>	<u>\$ 141</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 148</u>	0.3 %	

¹ Includes modifications that resulted from a combination of interest rate reduction, maturity or term extension, principal forgiveness, and payment deferral modifications.

² Unfunded lending commitments related to loans modified to borrowers experiencing financial difficulty totaled \$10 million at June 30, 2023.

³ Amounts less than 0.05% are rounded to zero.

The financial impact of loan modifications to borrowers experiencing financial difficulty during the three and six months ended June 30, 2023, is summarized in the following schedule:

		Three Months Ended June 30, 2023		Six Months Ended June 30, 2023	
(In millions)		Weighted-average interest rate reduction (in percentage points)	Weighted- average term extension (in months)	Weighted-average interest rate reduction (in percentage points)	Weighted- average term extension (in months)
Commercial:					
Commercial and industrial		1.0 %	8	1.0 %	9
Owner-occupied		—	7	4.4	7
Total commercial		1.0	8	3.7	8
Commercial real estate:					
Construction and land development		—	6	—	6
Term		—	18	—	17
Total commercial real estate		—	14	—	15
Consumer: ¹					
1-4 family residential		1.3	110	1.3	110
Bankcard and other revolving plans		—	65	—	61
Total consumer loans		1.3	87	1.3	87
Total weighted average financial impact		1.1 %	12	3.4 %	13

¹ Primarily relates to one loan within each consumer loan class.

[Table of Contents](#)

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

Loan modifications to borrowers experiencing financial difficulty during the three and six months ended June 30, 2023, resulted in \$1 million of principal forgiveness for the total loan portfolio for both periods.

The following schedule presents the aging of loans to borrowers experiencing financial difficulty that were modified on or after January 1, 2023 (the date we adopted ASU 2022-02) through June 30, 2023, presented by portfolio segment and loan class.

<i>(In millions)</i>	June 30, 2023				
	Current	30-89 days past due	90+ days past due	Total past due	Total amortized cost of loans
Commercial:					
Commercial and industrial	\$ 40	\$ 3	\$ —	\$ 3	\$ 43
Owner-occupied	25	—	1	1	26
Total commercial	65	3	1	4	69
Commercial real estate:					
Construction and land development	18	—	—	—	18
Term	58	—	—	—	58
Total commercial real estate	76	—	—	—	76
Consumer:					
1-4 family residential	2	—	—	—	2
Bankcard and other revolving plans	1	—	—	—	1
Total consumer loans	3	—	—	—	3
Total	<u>\$ 144</u>	<u>\$ 3</u>	<u>\$ 1</u>	<u>\$ 4</u>	<u>\$ 148</u>

Troubled Debt Restructuring Disclosures Prior to Our Adoption of ASU 2022-02

Loans may be modified in the normal course of business for competitive reasons or to strengthen our collateral position. Loan modifications and restructurings may also occur when the borrower experiences financial difficulty and needs temporary or permanent relief from the original contractual terms of the loan. Loans that have been modified to accommodate a borrower who is experiencing financial difficulties, and for which we have granted a concession that we would not otherwise consider, are considered TDRs. For further discussion of our policies and processes regarding TDRs, see Note 6 of our 2022 Form 10-K.

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

Information on TDRs, including the amortized cost on an accruing and nonaccruing basis by loan class and modification type is summarized in the following schedules:

<i>(In millions)</i>	December 31, 2022						
	Amortized cost resulting from the following modification types:						
	Interest rate below market	Maturity or term extension	Principal forgiveness	Payment deferral	Other ¹	Multiple modification types ²	Total
Accruing							
Commercial:							
Commercial and industrial	\$ 1	\$ 12	\$ —	\$ —	\$ 9	\$ 28	\$ 50
Owner-occupied	—	1	—	2	13	12	28
Municipal	—	—	—	—	—	—	—
Total commercial	1	13	—	2	22	40	78
Commercial real estate:							
Construction and land development	—	—	—	—	—	8	8
Term	1	27	—	27	28	1	84
Total commercial real estate	1	27	—	27	28	9	92
Consumer:							
Home equity credit line	—	1	4	—	—	1	6
1-4 family residential	2	1	2	—	1	15	21
Total consumer loans	2	2	6	—	1	16	27
Total accruing	4	42	6	29	51	65	197
Nonaccruing							
Commercial:							
Commercial and industrial	—	—	—	3	9	3	15
Owner-occupied	4	—	—	—	—	4	8
Total commercial	4	—	—	3	9	7	23
Commercial real estate:							
Term	—	10	—	—	—	—	10
Total commercial real estate	—	10	—	—	—	—	10
Consumer:							
Home equity credit line	—	—	1	—	—	—	1
1-4 family residential	—	1	—	—	1	2	4
Total consumer loans	—	1	1	—	1	2	5
Total nonaccruing	4	11	1	3	10	9	38
Total	\$ 8	\$ 53	\$ 7	\$ 32	\$ 61	\$ 74	\$ 235

¹ Includes TDRs that resulted from other modification types including, but not limited to, a legal judgment awarded on different terms, a bankruptcy plan confirmed on different terms, a settlement that includes the delivery of collateral in exchange for debt reduction, etc.

² Includes TDRs that resulted from a combination of the previous modification types reflected in the schedule.

Unfunded lending commitments related to TDRs totaled \$7 million at December 31, 2022.

The total amortized cost of all TDRs in which interest rates were modified below market was \$63 million at December 31, 2022. These loans are included in the previous schedule in the columns for interest rate below market and multiple modification types.

The net financial impact on interest income due to interest rate modifications below market for accruing TDRs for the year ended December 31, 2022 was not significant.

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

On an ongoing basis, we monitor the performance of all TDRs according to their restructured terms. Subsequent payment default is defined in terms of delinquency, when principal or interest payments are past due 90 days or more for commercial loans, or 60 days or more for consumer loans.

The amortized cost of TDRs that had a payment default during the year ended December 31, 2022, which were still in default at period end, and were within 12 months or less of being modified as TDRs was approximately \$10 million.

Collateral-Dependent Loans

When a loan is individually evaluated for expected credit losses, we estimate a specific reserve for the loan based on (1) the projected present value of the loan’s future cash flows discounted at the loan’s effective interest rate, (2) the observable market price of the loan, or (3) the fair value of the loan’s underlying collateral.

Select information on loans for which the borrower is experiencing financial difficulties and repayment is expected to be provided substantially through the operation or sale of the underlying collateral, including the type of collateral and the extent to which the collateral secures the loans, is summarized as follows:

	June 30, 2023		
<i>(Dollar amounts in millions)</i>	Amortized cost	Major types of collateral	Weighted average LTV ¹
Commercial:			
Commercial and industrial	\$ 10	Accounts Receivable	81%
Owner-occupied	12	Hospital	29%
Commercial real estate:			
Term	3	Hotel, Multi-family	89%
Total	\$ 25		

	December 31, 2022		
<i>(Dollar amounts in millions)</i>	Amortized cost	Major types of collateral	Weighted average LTV ¹
Commercial:			
Owner-occupied	\$ 2	Land, Warehouse	29%
Commercial real estate:			
Term	1	Multi-family	55%
Consumer:			
Home equity credit line	1	Single family residential	13%
1-4 family residential	3	Single family residential	41%
Total	\$ 7		

¹ The fair value is based on the most recent appraisal or other collateral evaluation.

Foreclosed Residential Real Estate

At June 30, 2023 and December 31, 2022, we did not have any foreclosed residential real estate property. The amortized cost basis of consumer mortgage loans collateralized by residential real estate property that were in the process of foreclosure was \$8 million and \$10 million for the same periods, respectively.

7. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

Objectives and Accounting

Our primary objective for using derivatives is to manage interest rate risk. We use derivatives to stabilize forecasted interest income from variable-rate assets and to modify the coupon or the duration of fixed-rate financial assets or liabilities. We also assist clients with their risk management needs through the use of derivatives. Cash receipts and payments from derivatives designated in qualifying hedging relationships are classified in the same category as the cash flows from the items being hedged in the statement of cash flows, and cash flows from undesignated derivatives are classified as operating activities. For a more detailed discussion of the use of and accounting policies regarding derivative instruments, see Note 7 of our 2022 Form 10-K.

Fair Value Hedges of Liabilities – During the second quarter of 2023, we terminated our remaining receive-fixed interest rate swap with a notional amount of \$500 million that had been designated in a qualifying fair value hedge relationship of fixed-rate debt. The receive-fixed interest rate swap effectively converted the interest on our fixed-rate debt to floating until it was terminated. Prior to termination, changes in the fair value of derivatives designated as fair value hedges of debt were offset by changes in the fair value of the hedged debt instruments as shown in the schedules on the following pages. The unamortized hedge basis adjustments resulting from the terminated hedging relationship will be amortized over the remaining life of the fixed-rate debt.

Fair Value Hedges of Assets – During the second quarter of 2023, we entered into new fair value hedges of a defined portfolio of AFS securities using pay-fixed, receive-floating swaps with an aggregate notional amount of \$2.5 billion that are designated as hedges under the portfolio layer method described in ASU 2022-01, *Derivatives and Hedging (Topic 815): Fair Value Hedging—Portfolio Layer Method*. In July 2023, we entered into additional pay-fixed swaps with an aggregate notional amount of \$1 billion that were designated as fair value hedges of a defined portfolio of fixed-rate commercial loans.

At June 30, 2023, we also had pay-fixed, receive-floating interest rate swaps with an aggregate notional amount of \$1.1 billion designated as fair value hedges of specifically identified AFS securities. Fair value hedges of fixed-rate AFS securities effectively convert the fixed interest income to a floating rate on the hedged portion of the securities. Changes in fair value of derivatives designated as fair value hedges of fixed-rate AFS securities were largely offset by changes in the value of the hedged securities, as shown in the schedules on the following pages.

Cash Flow Hedges – At June 30, 2023, we had receive-fixed interest rate swaps with an aggregate notional amount of \$2.9 billion designated as cash flow hedges of pools of floating-rate commercial loans. During the second quarter of 2023, we terminated cash flow hedging relationships with an aggregate notional amount of \$2.8 billion. At June 30, 2023, there was \$222 million of losses deferred in AOCI related to terminated cash flow hedges that are expected to be fully amortized by October 2027. Changes in the fair value of qualifying cash flow hedges during the quarter were recorded in AOCI as shown in the schedule below. The amounts deferred in AOCI are reclassified into earnings in the periods in which the hedged interest receipts occur (i.e., when the hedged forecasted transactions affect earnings).

Collateral and Credit Risk

Exposure to credit risk arises from the possibility of nonperformance by counterparties. No significant losses on derivative instruments have occurred as a result of counterparty nonperformance. For more information on how we incorporate counterparty credit risk in derivative valuations, see Note 3 of our 2022 Form 10-K. For additional discussion of collateral and the associated credit risk related to our derivative contracts, see Note 7 of our 2022 Form 10-K.

Our derivative contracts require us to pledge collateral for derivatives that are in a net liability position at a given balance sheet date. Certain of these derivative contracts contain credit risk-related contingent features that include the requirement to maintain a minimum debt credit rating. We may be required to pledge additional collateral if a credit risk-related feature were triggered, such as a downgrade of our credit rating. In past situations, not all counterparties have demanded that additional collateral be pledged when provided for by the contractual terms. At June 30, 2023, the fair value of our derivative liabilities was \$409 million, for which we were required to pledge

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

cash collateral of \$2 million in the normal course of business. If our credit rating were downgraded one notch by either Standard & Poor's ("S&P") or Moody's at June 30, 2023, there would likely be no additional collateral required to be pledged.

Derivative Amounts

The following schedule presents information regarding notional amounts and recorded gross fair values at June 30, 2023 and December 31, 2022, and the related gain (loss) of derivative instruments.

(In millions)	June 30, 2023			December 31, 2022		
	Notional amount ¹	Fair value		Notional amount	Fair value	
		Other assets	Other liabilities		Other assets	Other liabilities
Derivatives designated as hedging instruments:						
Cash flow hedges of floating-rate assets:						
Receive-fixed interest rate swaps	\$ 2,850	\$ —	\$ —	\$ 7,633	\$ —	\$ 1
Cash flow hedges of floating-rate liabilities:						
Pay-fixed interest rate swaps	500	—	—	—	—	—
Fair value hedges:						
Debt hedges: Receive-fixed interest rate swaps	—	—	—	500	—	—
Asset hedges: Pay-fixed interest rate swaps	3,572	80	—	1,228	84	—
Total derivatives designated as hedging instruments	6,922	80	—	9,361	84	1
Derivatives not designated as hedging instruments:						
Customer interest rate derivatives ²	13,726	406	407	13,670	296	443
Other interest rate derivatives	3,576	2	—	862	—	—
Foreign exchange derivatives	216	2	2	605	6	7
Purchased credit derivatives	18	1	—	—	—	—
Total derivatives not designated as hedging instruments	17,536	411	409	15,137	302	450
Total derivatives	\$24,458	\$ 491	\$ 409	\$24,498	\$ 386	\$ 451

¹ Centrally cleared swaps originally indexed to London Interbank Offered Rate ("LIBOR") were divided into short-dated, LIBOR-indexed spot starting swaps and forward starting Secured Overnight Financing Rate ("SOFR") swaps when the clearing houses transitioned to SOFR. The LIBOR-indexed swaps will fully mature in the third quarter of 2023. The notional amounts above reflect the economic substance of our derivatives and do not include the duplicate notional amounts during the transition period.

² Customer interest rate derivatives include both customer-facing derivative as well as offsetting derivatives facing other dealer banks. The fair value of these derivatives include a net credit valuation adjustment ("CVA") of \$10 million, reducing the fair value of the liability at June 30, 2023, and \$13 million, reducing the fair value of the liability at December 31, 2022.

The amount of derivative gains (losses) from cash flow and fair value hedges that were deferred in other comprehensive income ("OCI") or recognized in earnings for the three and six months ended June 30, 2023 and 2022 is presented in the schedules below.

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

	Three Months Ended June 30, 2023		
<i>(In millions)</i>	Effective portion of derivative gain/(loss) deferred in AOCI	Amount of gain/ (loss) reclassified from AOCI into income	Interest on fair value hedges
Cash flow hedges of floating-rate assets:¹			
Purchased interest rate floors	\$ —	\$ —	\$ —
Received-fixed interest rate swaps	(21)	(41)	—
Cash flow hedges of floating-rate liabilities:			
Pay-fixed interest rate swaps	11	1	—
Fair value hedges:			
Debt hedges: Receive-fixed interest rate swaps	—	—	(8)
Basis amortization on terminated hedges ²	—	—	(1)
Asset hedges: Pay-Fixed interest rate swaps	—	—	9
Basis amortization on terminated asset hedges ³	—	—	—
Total derivatives designated as hedging instruments	<u>\$ (10)</u>	<u>\$ (40)</u>	<u>\$ —</u>
	Six Months Ended June 30, 2023		
<i>(In millions)</i>	Effective portion of derivative gain/(loss) deferred in AOCI	Amount of gain/ (loss) reclassified from AOCI into income	Interest on fair value hedges
Cash flow hedges of floating-rate assets:¹			
Purchased interest rate floors	\$ —	\$ —	\$ —
Received-fixed interest rate swaps	17	(90)	—
Cash flow hedges of floating-rate liabilities:			
Pay-fixed interest rate swaps	11	1	—
Fair value hedges:			
Debt hedges: Receive-fixed interest rate swaps	—	—	(5)
Basis amortization on terminated debt hedges ²	—	—	(1)
Asset hedges: Pay-fixed interest rate swaps	—	—	16
Basis amortization on terminated asset hedges ³	—	—	—
Total derivatives designated as hedging instruments	<u>\$ 28</u>	<u>\$ (89)</u>	<u>\$ 10</u>
	Three Months Ended June 30, 2022		
<i>(In millions)</i>	Effective portion of derivative gain/(loss) deferred in AOCI	Amount of gain/ (loss) reclassified from AOCI into income	Interest on fair value hedges
Cash flow hedges of floating-rate assets:¹			
Purchased interest rate floors	\$ —	\$ —	\$ —
Interest rate swaps	(66)	6	—
Fair value hedges of liabilities:			
Receive-fixed interest rate swaps	—	—	1
Basis amortization on terminated hedges ²	—	—	—
Fair value hedges of assets:			
Pay-fixed interest rate swaps	—	—	(1)
Basis amortization on terminated hedges ²	—	—	—
Total derivatives designated as hedging instruments	<u>\$ (66)</u>	<u>\$ 6</u>	<u>\$ —</u>

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

	Six Months Ended June 30, 2022		
	Effective portion of derivative gain/(loss) deferred in AOCI	Amount of gain/(loss) reclassified from AOCI into income	Interest on fair value hedges
<i>(In millions)</i>			
Cash flow hedges of floating-rate assets: ¹			
Purchased interest rate floors	\$ —	\$ 2	\$ —
Interest rate swaps	(244)	17	—
Fair value hedges of liabilities:			
Receive-fixed interest rate swaps	—	—	3
Basis amortization on terminated hedges ^{2,3}	—	—	1
Fair value hedges of assets:			
Pay-fixed interest rate swaps	—	—	(2)
Basis amortization on terminated hedges ^{2,3}	—	—	—
Total derivatives designated as hedging instruments	\$ (244)	\$ 19	\$ 2

¹ For the 12 months following June 30, 2023, we estimate that \$106 million of losses will be reclassified from AOCI into interest income, compared with an estimate of \$94 million of losses at June 30, 2022.

² At June 30, 2023, the total cumulative unamortized basis adjustment for terminated fair value hedges of debt was \$50 million. We did not have any cumulative unamortized basis adjustment for terminated hedges of debt at June 30, 2022. We had \$3 million and \$7 million of cumulative unamortized basis adjustments from terminated fair value hedges of assets at June 30, 2023 and 2022, respectively.

The amount of gains (losses) recognized from derivatives not designated as accounting hedges is summarized as follows:

	Other Noninterest Income/(Expense)			
	Three Months Ended June 30, 2023	Six Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2022
<i>(In millions)</i>				
Derivatives not designated as hedging instruments:				
Customer-facing interest rate derivatives	\$ 10	\$ 11	\$ 17	\$ 30
Other interest rate derivatives	3	3	(1)	—
Foreign exchange derivatives	7	15	8	14
Purchased credit derivatives	\$ (1)	\$ (1)	\$ —	\$ —
Total derivatives not designated as hedging instruments	\$ 19	\$ 28	\$ 24	\$ 44

The following schedule presents derivatives used in fair value hedge accounting relationships, as well as pre-tax gains/(losses) recorded on such derivatives and the related hedged items for the periods presented.

	Gain/(loss) recorded in income					
	Three Months Ended June 30, 2023			Three Months Ended June 30, 2022		
	Derivatives ²	Hedged items	Total income statement impact	Derivatives ²	Hedged items	Total income statement impact
<i>(In millions)</i>						
Debt: Receive-fixed interest rate swaps ^{1,2}	\$ 2	\$ (2)	\$ —	\$ (18)	\$ 18	\$ —
Assets: Pay-fixed interest rate swaps ^{1,2}	66	(67)	(1)	97	(97)	—

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

(In millions)	Gain/(loss) recorded in income					
	Six Months Ended June 30, 2023			Six Months Ended June 30, 2022		
	Derivatives ²	Hedged items	Total income statement impact	Derivatives ²	Hedged items	Total income statement impact
Debt: Receive-fixed interest rate swaps ^{1,2}	\$ 14	\$ (14)	\$ —	\$ (50)	\$ 50	\$ —
Assets: Pay-fixed interest rate swaps ^{1,2}	26	(27)	(1)	150	(150)	—

¹ Consists of hedges of benchmark interest rate risk of fixed-rate long-term debt and fixed-rate AFS securities. Gains and losses were recorded in net interest expense or income consistent with the hedged items.

² The income/expense for derivatives does not reflect interest income/expense from periodic accruals and payments to be consistent with the presentation of the gains/(losses) on the hedged items.

The following schedule provides information regarding basis adjustments for hedged items.

(In millions)	Par value of hedged assets/(liabilities)		Carrying amount of the hedged assets/(liabilities) ¹		Cumulative amount of fair value hedging adjustment included in the carrying amount of the hedged item	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
	Long-term fixed-rate debt ²	\$ —	\$ (500)	\$ —	\$ (435)	\$ —
Fixed-rate assets ³	11,129	1,228	10,898	962	(231)	(266)

¹ Carrying amounts exclude (1) issuance and purchase discounts or premiums, (2) unamortized issuance and acquisition costs, and (3) amounts related to terminated fair value hedges.

² We terminated the remaining fair value hedge of debt during the second quarter of 2023. The remaining hedge basis adjustments will be amortized over the life of the associated debt.

³ These amounts include the amortized cost basis of defined portfolios of AFS securities used to designate hedging relationships in which the hedged item is the stated amount of assets in the defined portfolio anticipated to be outstanding for the designated hedged period. At June 30, 2023, the amortized cost basis of the defined portfolios used in these hedging relationships was \$10.1 billion; the cumulative basis adjustment associated with these hedging relationships was \$36.8 million; and the notional amounts of the designated hedging instruments were \$2.5 billion.

8. LEASES

We have operating and finance leases for branches, corporate offices, and data centers. At June 30, 2023, we had 412 branches, of which 277 are owned and 135 are leased. We lease our headquarters in Salt Lake City, Utah. The remaining maturities of our lease commitments range from the year 2023 to 2062, and some lease arrangements include options to extend or terminate the leases.

All leases with lease terms greater than twelve months are reported as a lease liability with a corresponding right-of-use (“ROU”) asset. We present ROU assets for operating leases and finance leases on the consolidated balance sheet in “Other assets,” and “Premises, equipment and software, net,” respectively. The corresponding liabilities for those leases are presented in “Other liabilities,” and “Long-term debt.” For more information about our lease policies, see Note 8 of our 2022 Form 10-K.

[Table of Contents](#)

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

The following schedule presents ROU assets and lease liabilities with associated weighted average remaining life and discount rate.

<i>(Dollar amounts in millions)</i>	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Operating leases		
ROU assets, net of amortization	\$ 170	\$ 173
Lease liabilities	195	198
Finance leases		
ROU assets, net of amortization	3	4
Lease liabilities	4	4
Weighted average remaining lease term (years)		
Operating leases	8.6	8.4
Finance leases	16.9	17.4
Weighted average discount rate		
Operating leases	3.1 %	2.9 %
Finance leases	3.1 %	3.1 %

Additional information related to lease expense is presented in the following schedule.

<i>(In millions)</i>	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Lease expense:				
Operating lease expense	\$ 11	\$ 12	\$ 22	\$ 24
Other expenses associated with operating leases ¹	16	12	30	24
Total lease expense	<u>\$ 27</u>	<u>\$ 24</u>	<u>\$ 52</u>	<u>\$ 48</u>
Related cash disbursements from operating leases	\$ 12	\$ 12	\$ 24	\$ 25

¹ Other expenses primarily include property taxes and building and property maintenance.

The following schedule presents the total contractual undiscounted lease payments for operating lease liabilities by expected due date for each of the next five years.

<i>(In millions)</i>	<u>Total undiscounted lease payments</u>
2023 ¹	\$ 24
2024	40
2025	32
2026	27
2027	18
Thereafter	87
Total	<u>\$ 228</u>

¹ Contractual maturities for the six months remaining in 2023.

We enter into certain lease agreements where we are the lessor of real estate. Real estate leases are made from bank-owned and subleased property to generate cash flow from the property, including from leasing vacant suites in which we occupy portions of the building. Operating lease income was \$4 million and \$3 million for the second quarter of 2023 and 2022, respectively, and \$8 million and \$7 million for the first six months of 2023 and 2022, respectively.

We originated equipment leases, considered to be sales-type leases or direct financing leases, totaling \$388 million and \$386 million at June 30, 2023 and December 31, 2022, respectively. We recorded income of \$4 million and \$3 million on these leases for the second quarter of 2023 and 2022, respectively, and \$8 million and \$6 million for the first six months of 2023 and 2022, respectively.

9. LONG-TERM DEBT AND SHAREHOLDERS' EQUITY

Long-Term Debt

The long-term debt carrying values presented in the consolidated balance sheet represent the par value of the debt, adjusted for any unamortized premium or discount, unamortized debt issuance costs, and basis adjustments for interest rate swaps designated as fair value hedges. The following schedule presents the components of our long-term debt.

LONG-TERM DEBT

<i>(In millions)</i>	June 30, 2023	December 31, 2022
Subordinated notes ¹	\$ 534	\$ 519
Senior notes	—	128
Finance lease obligations	4	4
Total	<u>\$ 538</u>	<u>\$ 651</u>

¹ The change in the subordinated notes balance is primarily due to a fair value hedge accounting adjustment. See also Note 7.

The decrease in long-term debt was primarily due to the redemption of \$128 million, 4.50% matured senior notes during the second quarter of 2023.

Shareholders' Equity

Our common stock is traded on the National Association of Securities Dealers Automated Quotations (“NASDAQ”) Global Select Market. At June 30, 2023, there were 148.1 million shares of \$0.001 par value common stock outstanding. Common stock and additional paid-in capital decreased \$32 million, or 2%, to \$1.7 billion at June 30, 2023, from December 31, 2022, primarily due to common stock repurchases during the first quarter of 2023. As the macroeconomic environment remained uncertain, we did not repurchase common shares during the second quarter of 2023, nor do we expect to repurchase common shares during the third quarter of 2023.

AOCI was a \$2.9 billion loss at June 30, 2023. The following schedule presents the changes in AOCI by component.

<i>(In millions)</i>	Net unrealized gains/(losses) on investment securities	Net unrealized gains/(losses) on derivatives and other	Pension and post- retirement	Total
Six Months Ended June 30, 2023				
Balance at December 31, 2022	\$ (2,800)	\$ (311)	\$ (1)	\$ (3,112)
OCI before reclassifications, net of tax ¹	94	21	—	115
Amounts reclassified from AOCI, net of tax	—	67	—	67
Other comprehensive income	94	88	—	182
Balance at June 30, 2023	<u>\$ (2,706)</u>	<u>\$ (223)</u>	<u>\$ (1)</u>	<u>\$ (2,930)</u>
Income tax expense included in OCI	\$ 31	\$ 28	\$ —	\$ 59
Six Months Ended June 30, 2022				
Balance at December 31, 2021	\$ (78)	\$ —	\$ (2)	\$ (80)
OCI (loss) before reclassifications, net of tax	(1,820)	(185)	—	(2,005)
Amounts reclassified from AOCI, net of tax	—	(15)	—	(15)
Other comprehensive loss	(1,820)	(200)	—	(2,020)
Balance at June 30, 2022	<u>\$ (1,898)</u>	<u>\$ (200)</u>	<u>\$ (2)</u>	<u>\$ (2,100)</u>
Income tax benefit included in OCI (loss)	\$ (590)	\$ (65)	\$ —	\$ (655)

¹ For the six months ended June 30, 2023, the OCI related to net unrealized gains/(losses) on investment securities reflected a \$9 million decline in the fair value of fixed-rate AFS securities as a result of higher interest rates, offset by a \$103 million increase in amortization of the discount on the securities transferred from AFS to HTM during the fourth quarter of 2022.

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

(In millions)	Amounts reclassified from AOCI ¹				Statement of income (SI)	Affected line item
	Three Months Ended June 30,		Six Months Ended June 30,			
	2023	2022	2023	2022		
Details about AOCI components						
Net unrealized gains (losses) on derivative instruments	\$ (40)	\$ 6	\$ (89)	\$ 20	SI	Interest and fees on loans
Less: Income tax expense (benefit)	(10)	2	(22)	5		
Amounts reclassified from AOCI	<u>\$ (30)</u>	<u>\$ 4</u>	<u>\$ (67)</u>	<u>\$ 15</u>		

¹ Positive reclassification amounts indicate increases to earnings in the income statement.

10. COMMITMENTS, GUARANTEES, AND CONTINGENT LIABILITIES

Commitments and Guarantees

The following schedule presents the contractual amounts related to off-balance sheet financial instruments used to meet the financing needs of our customers.

(In millions)	June 30, 2023	December 31, 2022
Unfunded lending commitments ¹	\$ 29,731	\$ 29,628
Standby letters of credit:		
Financial	579	667
Performance	178	184
Commercial letters of credit	36	11
Mortgage-backed security purchase agreements ²	51	23
Total unfunded commitments	<u>\$ 30,575</u>	<u>\$ 30,513</u>

¹ Net of participations.

² Represents agreements with Farmer Mac to purchase securities backed by certain agricultural mortgage loans.

For more information about these commitments and guarantees including their terms and collateral requirements, see Note 16 of our 2022 Form 10-K.

Legal Matters

We are involved in various legal proceedings, which may include litigation in court and arbitral proceedings, as well as investigations, examinations, and other actions brought or considered by governmental and self-regulatory agencies. Litigation may relate to lending, deposit and other customer relationships, vendor and contractual issues, employee matters, intellectual property matters, personal injuries and torts, regulatory and legal compliance, and other matters. While most matters relate to individual claims, we are also subject to putative class action claims and similar broader claims. Proceedings, investigations, examinations and other actions brought or considered by governmental and self-regulatory agencies may relate to our banking, investment advisory, trust, securities, and other products and services; our customers' involvement in money laundering, fraud, securities violations and other illicit activities or our policies and practices relating to such customer activities; and our compliance with the broad range of banking, securities and other laws and regulations applicable to us. At any given time, we may be in the process of responding to subpoenas, requests for documents, data and testimony relating to such matters and engaging in discussions to resolve the matters.

At June 30, 2023, we were subject to the following material litigation or governmental inquiries:

- Two civil cases, *Lifescan Inc. and Johnson & Johnson Health Care Services v. Jeffrey Smith, et. al.*, brought against us in the United States District Court for the District of New Jersey in December 2017, and *Roche Diagnostics and Roche Diabetes Care Inc. v. Jeffrey C. Smith, et. al.*, brought against us in the United States District Court for the District of New Jersey in March 2019. In these cases, certain manufacturers and distributors of medical products seek to hold us liable for allegedly fraudulent practices of a borrower of the Bank who filed for bankruptcy protection in 2017. The cases are in discovery phases. Trial has not been scheduled in either case.

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

- *Sipple v. Zions Bancorporation, N.A.*, brought against us in the District Court of Clark County, Nevada in February 2021 with respect to foreign transaction fees. This case is in the early discovery phase and trial has not been scheduled.

At least quarterly, we review outstanding and new legal matters, utilizing then available information. In accordance with applicable accounting guidance, if we determine that a loss from a matter is probable and the amount of the loss can be reasonably estimated, we establish an accrual for the loss. In the absence of such a determination, no accrual is made. Once established, accruals are adjusted to reflect developments relating to the matters.

In our review, we also assess whether we can determine the range of reasonably possible losses for significant matters in which we are unable to determine that the likelihood of a loss is remote. Because of the difficulty of predicting the outcome of legal matters, discussed subsequently, we are able to meaningfully estimate such a range only for a limited number of matters. Based on information available at June 30, 2023, we estimated that the aggregate range of reasonably possible losses for those matters to be from zero to approximately \$5 million in excess of amounts accrued. The matters underlying the estimated range will change from time to time, and actual results may vary significantly from this estimate. Those matters for which a meaningful estimate is not possible are not included within this estimated range and, therefore, this estimated range does not represent our maximum loss exposure.

Based on our current knowledge, we believe that our current estimated liability for litigation and other legal actions and claims, reflected in our accruals and determined in accordance with applicable accounting guidance, is adequate and that liabilities in excess of the amounts currently accrued, if any, arising from litigation and other legal actions and claims for which an estimate as previously described is possible, will not have a material impact on our financial condition, results of operations, or cash flows. However, in light of the significant uncertainties involved in these matters, and the very large or indeterminate damages sought in some of these matters, an adverse outcome in one or more of these matters could be material to our financial condition, results of operations, or cash flows for any given reporting period.

Any estimate or determination relating to the future resolution of litigation, arbitration, governmental or self-regulatory examinations, investigations or actions or similar matters is inherently uncertain and involves significant judgment. This is particularly true in the early stages of a legal matter, when legal issues and facts have not been well articulated, reviewed, analyzed, and vetted through discovery, preparation for trial or hearings, substantive and productive mediation or settlement discussions, or other actions. It is also particularly true with respect to class action and similar claims involving multiple defendants, matters with complex procedural requirements or substantive issues or novel legal theories, and examinations, investigations and other actions conducted or brought by governmental and self-regulatory agencies, in which the normal adjudicative process is not applicable. Accordingly, we usually are unable to determine whether a favorable or unfavorable outcome is remote, reasonably likely, or probable, or to estimate the amount or range of a probable or reasonably likely loss, until relatively late in the course of a legal matter, sometimes not until a number of years have elapsed. Accordingly, our judgments and estimates relating to claims will change from time to time in light of developments and actual outcomes will differ from our estimates. These differences may be material.

11. REVENUE RECOGNITION

We derive our revenue primarily from interest income on loans and securities, which represented approximately 80% of our total revenue in the second quarter of 2023. Only noninterest income is considered to be revenue from contracts with customers in scope of ASC 606. For more information about our revenue recognition from contracts, see Note 17 of our 2022 Form 10-K.

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

Disaggregation of Revenue

The schedule below presents net revenue by our operating business segments for the three months ended June 30, 2023 and 2022.

<i>(In millions)</i>	Zions Bank		CB&T		Amegy	
	2023	2022	2023	2022	2023	2022
Commercial account fees	\$ 14	\$ 12	\$ 8	\$ 7	\$ 14	\$ 11
Card fees	13	14	5	5	8	8
Retail and business banking fees	5	6	3	3	4	4
Capital markets fees	—	—	—	—	—	—
Wealth management fees	6	6	1	1	4	4
Other customer-related fees	2	2	2	2	2	2
Total noninterest income from contracts with customers (ASC 606)	40	40	19	18	32	29
Other noninterest income (non-ASC 606 customer-related)	6	6	14	8	8	13
Total customer-related noninterest income	46	46	33	26	40	42
Other noncustomer-related noninterest income	3	3	2	1	15	—
Total noninterest income	49	49	35	27	55	42
Net interest income	178	170	152	142	116	120
Total net revenue	<u>\$ 227</u>	<u>\$ 219</u>	<u>\$ 187</u>	<u>\$ 169</u>	<u>\$ 171</u>	<u>\$ 162</u>

<i>(In millions)</i>	NBAZ		NSB		Vectra	
	2023	2022	2023	2022	2023	2022
Commercial account fees	\$ 2	\$ 2	\$ 3	\$ 2	\$ 2	\$ 2
Card fees	4	4	4	4	2	2
Retail and business banking fees	2	2	3	3	1	1
Capital markets fees	—	—	—	—	—	—
Wealth management fees	1	1	1	1	1	—
Other customer-related fees	—	—	—	—	1	1
Total noninterest income from contracts with customers (ASC 606)	9	9	11	10	7	6
Other noninterest income (non-ASC 606 customer-related)	1	1	—	2	—	2
Total customer-related noninterest income	10	10	11	12	7	8
Other noncustomer-related noninterest income	1	1	—	—	—	—
Total noninterest income	11	11	11	12	7	8
Net interest income	64	55	49	39	38	35
Total net revenue	<u>\$ 75</u>	<u>\$ 66</u>	<u>\$ 60</u>	<u>\$ 51</u>	<u>\$ 45</u>	<u>\$ 43</u>

<i>(In millions)</i>	TCBW		Other		Consolidated Bank	
	2023	2022	2023	2022	2023	2022
Commercial account fees	\$ 1	\$ 1	\$ 1	\$ —	\$ 45	\$ 37
Card fees	1	1	—	(2)	37	36
Retail and business banking fees	—	—	(2)	1	16	20
Capital markets fees	—	—	1	1	1	1
Wealth management fees	—	—	—	—	14	13
Other customer-related fees	—	—	8	9	15	16
Total noninterest income from contracts with customers (ASC 606)	2	2	8	9	128	123
Other noninterest income (non-ASC 606 customer-related)	—	—	5	(1)	34	31
Total customer-related noninterest income	2	2	13	8	162	154
Other noncustomer-related noninterest income	—	—	6	13	27	18
Total noninterest income	2	2	19	21	189	172
Net interest income	15	15	(21)	17	591	593
Total net revenue	<u>\$ 17</u>	<u>\$ 17</u>	<u>\$ (2)</u>	<u>\$ 38</u>	<u>\$ 780</u>	<u>\$ 765</u>

[Table of Contents](#)

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

The schedule below presents net revenue by our operating business segments for the six months ended June 30, 2023 and 2022.

<i>(In millions)</i>	Zions Bank		CB&T		Amegy	
	2023	2022	2023	2022	2023	2022
Commercial account fees	\$ 28	\$ 27	\$ 15	\$ 14	\$ 28	\$ 22
Card fees	26	27	10	10	16	16
Retail and business banking fees	9	12	6	6	7	8
Capital markets fees	—	—	—	—	—	—
Wealth management fees	12	11	2	2	8	8
Other customer-related fees	4	4	4	3	3	3
Total noninterest income from contracts with customers (ASC 606)	79	81	37	35	62	57
Other noninterest income (non-ASC 606 customer-related)	13	11	19	14	17	22
Total customer-related noninterest income	92	92	56	49	79	79
Other noncustomer-related noninterest income	7	3	3	2	17	—
Total noninterest income	99	95	59	51	96	79
Net interest income	363	326	311	271	240	232
Total net revenue	\$ 462	\$ 421	\$ 370	\$ 322	\$ 336	\$ 311

<i>(In millions)</i>	NBAZ		NSB		Vectra	
	2023	2022	2023	2022	2023	2022
Commercial account fees	\$ 5	\$ 4	\$ 7	\$ 6	\$ 3	\$ 4
Card fees	7	7	8	7	4	4
Retail and business banking fees	4	5	5	6	2	2
Capital markets fees	—	—	—	—	—	—
Wealth management fees	2	2	3	2	1	1
Other customer-related fees	1	1	—	—	2	1
Total noninterest income from contracts with customers (ASC 606)	19	19	23	21	12	12
Other noninterest income (non-ASC 606 customer-related)	1	3	—	4	1	4
Total customer-related noninterest income	20	22	23	25	13	16
Other noncustomer-related noninterest income	1	1	—	—	—	—
Total noninterest income	21	23	23	25	13	16
Net interest income	129	106	99	77	79	68
Total net revenue	\$ 150	\$ 129	\$ 122	\$ 102	\$ 92	\$ 84

<i>(In millions)</i>	TCBW		Other		Consolidated Bank	
	2023	2022	2023	2022	2023	2022
Commercial account fees	\$ 1	\$ 1	\$ 1	\$ —	\$ 88	\$ 78
Card fees	1	1	—	—	72	72
Retail and business banking fees	—	—	(1)	1	32	40
Capital markets fees	—	—	2	2	2	2
Wealth management fees	—	—	(1)	—	27	26
Other customer-related fees	1	—	15	18	30	30
Total noninterest income from contracts with customers (ASC 606)	3	2	16	21	251	248
Other noninterest income (non-ASC 606 customer-related)	—	1	11	(2)	62	57
Total customer-related noninterest income	3	3	27	19	313	305
Other noncustomer-related noninterest income	—	—	8	3	36	9
Total noninterest income	3	3	35	22	349	314
Other real estate owned gain from sale	—	—	—	—	—	—
Net interest income	31	28	18	29	1,270	1,137
Total net revenue	\$ 34	\$ 31	\$ 53	\$ 51	\$ 1,619	\$ 1,451

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

Revenue from contracts with customers did not generate significant contract assets and liabilities. Contract receivables are included in “Other assets” on the consolidated balance sheet. Payment terms vary by services offered, and the timing between completion of performance obligations and payment is generally not significant.

12. INCOME TAXES

The effective income tax rate was 22.6% for the second quarter of 2023, compared with 21.9% for the second quarter of 2022. The effective tax rates for the first six months of 2023 and 2022 were 25.4% and 21.2%, respectively. The tax rates during both periods were reduced by nontaxable municipal interest income and nontaxable income from certain bank-owned life insurance (“BOLI”), and were increased by the non-deductibility of Federal Deposit Insurance Corporation (“FDIC”) premiums, certain executive compensation plans, and other fringe benefits. The tax rate for the first six months of 2023 was higher relative to the same prior year period, primarily as a result of a discrete item that affected the reserve for uncertain tax positions during the first quarter of 2023.

At both June 30, 2023 and December 31, 2022, we had a net deferred tax asset (“DTA”) totaling \$1.1 billion. On the consolidated balance sheet, the net DTA is included in “Other assets.”

We evaluate DTAs on a regular basis to determine whether a valuation allowance is required. In conducting this evaluation, we consider all available evidence, both positive and negative, based on the more-likely-than-not criteria that such assets will be realized. This evaluation includes, but is not limited to, the following:

- Future reversals of existing deferred tax liabilities (“DTLs”) — These DTLs have a reversal pattern generally consistent with DTAs and are used to realize the DTAs.
- Tax planning strategies — We have considered prudent and feasible tax planning strategies that we would implement to preserve the value of the DTAs, if necessary.
- Future projected taxable income — We expect future taxable income will offset the reversal of remaining net DTAs.

Based on this evaluation, we concluded that a valuation allowance was not required at both June 30, 2023 and December 31, 2022.

13. NET EARNINGS PER COMMON SHARE

Basic and diluted net earnings per common share based on the weighted average outstanding shares are summarized as follows:

<i>(In millions, except shares and per share amounts)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Basic:				
Net income	\$ 175	\$ 203	\$ 379	\$ 406
Less common and preferred dividends	70	66	138	132
Undistributed earnings	105	137	241	274
Less undistributed earnings applicable to nonvested shares	1	1	2	2
Undistributed earnings applicable to common shares	104	136	239	272
Distributed earnings applicable to common shares	61	57	121	115
Total earnings applicable to common shares	\$ 165	\$ 193	\$ 360	\$ 387
Weighted average common shares outstanding (in thousands)	147,692	150,635	147,852	150,958
Net earnings per common share	\$ 1.11	\$ 1.29	\$ 2.44	\$ 2.56
Diluted:				
Total earnings applicable to common shares	\$ 165	\$ 193	\$ 360	\$ 387
Weighted average common shares outstanding (in thousands)	147,692	150,635	147,852	150,958
Dilutive effect of stock options (in thousands)	4	203	13	306
Weighted average diluted common shares outstanding (in thousands)	147,696	150,838	147,865	151,264
Net earnings per common share	\$ 1.11	\$ 1.29	\$ 2.44	\$ 2.56

The following schedule presents the weighted average stock awards that were anti-dilutive and not included in the calculation of diluted earnings per share:

<i>(In thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Restricted stock and restricted stock units	1,421	1,251	1,378	1,289
Stock options	1,449	200	1,381	155

14. OPERATING SEGMENT INFORMATION

We manage our operations with a primary focus on geographic area. We conduct our operations primarily through seven separately managed affiliate banks, each with its own local branding and management team, including Zions Bank, California Bank & Trust, Amegy Bank, National Bank of Arizona, Nevada State Bank, Vectra Bank Colorado, and The Commerce Bank of Washington. These affiliate banks comprise our primary business segments. Performance assessment and resource allocation are based upon this geographic structure. Our affiliate banks are supported by an enterprise operating segment (referred to as the “Other” segment) that provides governance and risk management, allocates capital, establishes strategic objectives, and includes centralized technology, back-office functions, and certain lines of business not operated through our affiliate banks.

We allocate the cost of centrally provided services to the business segments based upon estimated or actual usage of those services. We also allocate capital based on the risk-weighted assets held at each business segment. We use an internal funds transfer pricing (“FTP”) allocation process to report results of operations for business segments. This process is subject to change and refinement over time. Total average loans and deposits presented for the business segments include insignificant intercompany amounts between business segments and may also include deposits with the “Other” segment.

At June 30, 2023, Zions Bank operated 95 branches in Utah, 25 branches in Idaho, and one branch in Wyoming. CB&T operated 77 branches in California. Amegy operated 75 branches in Texas. NBAZ operated 56 branches in

[Table of Contents](#)
ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

Arizona. NSB operated 46 branches in Nevada. Vectra operated 33 branches in Colorado and one branch in New Mexico. TCBW operated two branches in Washington and one branch in Oregon.

Transactions between business segments are primarily conducted at fair value, resulting in profits that are eliminated for reporting consolidated results of operations. The following schedule presents average loans, average deposits, and income before income taxes because we use these metrics when evaluating performance and making decisions pertaining to the business segments. The condensed statement of income identifies the components of income and expense which affect the operating amounts presented in the “Other” segment.

The following schedule presents selected operating segment information for the three months ended June 30, 2023 and 2022:

<i>(In millions)</i>	Zions Bank		CB&T		Amegy	
	2023	2022	2023	2022	2023	2022
SELECTED INCOME STATEMENT DATA						
Net interest income	\$ 178	\$ 170	\$ 152	\$ 142	\$ 116	\$ 120
Provision for credit losses	7	1	15	16	12	5
Net interest income after provision for credit losses	171	169	137	126	104	115
Noninterest income	49	49	35	27	55	42
Noninterest expense	138	125	94	84	100	88
Income (loss) before income taxes	\$ 82	\$ 93	\$ 78	\$ 69	\$ 59	\$ 69
SELECTED AVERAGE BALANCE SHEET DATA						
Total average loans	\$ 14,250	\$ 13,120	\$ 14,152	\$ 12,895	\$ 12,880	\$ 11,934
Total average deposits	19,191	25,035	13,333	16,663	11,873	16,253

<i>(In millions)</i>	NBAZ		NSB		Vectra	
	2023	2022	2023	2022	2023	2022
SELECTED INCOME STATEMENT DATA						
Net interest income	\$ 64	\$ 55	\$ 49	\$ 39	\$ 38	\$ 35
Provision for credit losses	4	6	7	3	2	10
Net interest income after provision for credit losses	60	49	42	36	36	25
Noninterest income	11	11	11	12	7	8
Noninterest expense	45	42	42	37	34	30
Income (loss) before income taxes	\$ 26	\$ 18	\$ 11	\$ 11	\$ 9	\$ 3
SELECTED AVERAGE BALANCE SHEET DATA						
Total average loans	\$ 5,243	\$ 4,888	\$ 3,427	\$ 2,914	\$ 3,998	\$ 3,527
Total average deposits	6,873	8,447	6,630	7,546	3,271	4,189

<i>(In millions)</i>	TCBW		Other		Consolidated Bank	
	2023	2022	2023	2022	2023	2022
SELECTED INCOME STATEMENT DATA						
Net interest income	\$ 15	\$ 15	\$ (21)	\$ 17	\$ 591	\$ 593
Provision for credit losses	—	1	(1)	(1)	46	41
Net interest income after provision for credit losses	15	14	(20)	18	545	552
Noninterest income	2	2	19	21	189	172
Noninterest expense	6	6	49	52	508	464
Income (loss) before income taxes	\$ 11	\$ 10	\$ (50)	\$ (13)	\$ 226	\$ 260
SELECTED AVERAGE BALANCE SHEET DATA						
Total average loans	\$ 1,689	\$ 1,579	\$ 1,040	\$ 927	\$ 56,679	\$ 51,784
Total average deposits	1,099	1,547	7,379	1,207	69,649	80,887

[Table of Contents](#)

ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

The following schedule presents selected operating segment information for the six months ended June 30, 2023 and 2022:

<i>(In millions)</i>	Zions Bank		CB&T		Amegy	
	2023	2022	2023	2022	2023	2022
SELECTED INCOME STATEMENT DATA						
Net interest income	\$ 363	\$ 326	\$ 311	\$ 271	\$ 240	\$ 232
Provision for credit losses	31	—	15	22	23	(22)
Net interest income after provision for credit losses	332	326	296	249	217	254
Noninterest income	99	95	59	51	96	79
Noninterest expense	273	248	186	168	198	175
Income (loss) before income taxes	<u>\$ 158</u>	<u>\$ 173</u>	<u>\$ 169</u>	<u>\$ 132</u>	<u>\$ 115</u>	<u>\$ 158</u>

SELECTED AVERAGE BALANCE SHEET DATA						
Total average loans	\$ 14,115	\$ 12,969	\$ 14,084	\$ 12,870	\$ 12,862	\$ 11,865
Total average deposits	20,067	25,574	13,985	16,566	12,576	16,333

<i>(In millions)</i>	NBAZ		NSB		Vectra	
	2023	2022	2023	2022	2023	2022
SELECTED INCOME STATEMENT DATA						
Net interest income	\$ 129	\$ 106	\$ 99	\$ 77	\$ 79	\$ 68
Provision for credit losses	4	2	11	—	6	6
Net interest income after provision for credit losses	125	104	88	77	73	62
Noninterest income	21	23	23	25	13	16
Noninterest expense	92	82	82	74	67	59
Income (loss) before income taxes	<u>\$ 54</u>	<u>\$ 45</u>	<u>\$ 29</u>	<u>\$ 28</u>	<u>\$ 19</u>	<u>\$ 19</u>

SELECTED AVERAGE BALANCE SHEET DATA						
Total average loans	\$ 5,197	\$ 4,831	\$ 3,377	\$ 2,866	\$ 3,990	\$ 3,463
Total average deposits	7,025	8,201	6,800	7,492	3,488	4,243

<i>(In millions)</i>	TCBW		Other		Consolidated Bank	
	2023	2022	2023	2022	2023	2022
SELECTED INCOME STATEMENT DATA						
Net interest income	\$ 31	\$ 28	\$ 18	\$ 29	\$ 1,270	\$ 1,137
Provision for credit losses	2	1	(1)	(1)	91	8
Net interest income after provision for credit losses	29	27	19	30	1,179	1,129
Noninterest income	3	3	35	22	349	314
Noninterest expense	13	12	109	110	1,020	928
Income (loss) before income taxes	<u>\$ 19</u>	<u>\$ 18</u>	<u>\$ (55)</u>	<u>\$ (58)</u>	<u>\$ 508</u>	<u>\$ 515</u>

SELECTED AVERAGE BALANCE SHEET DATA						
Total average loans	\$ 1,700	\$ 1,585	\$ 1,092	\$ 911	\$ 56,417	\$ 51,360
Total average deposits	1,240	1,564	4,720	1,271	69,901	81,244

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our most significant risks include interest rate and market risk, which are closely monitored by management as previously discussed. For more information regarding interest rate and market risk, see the “Interest Rate and Market Risk Management” section in this Form 10-Q.

ITEM 4. CONTROLS AND PROCEDURES

Our management, including our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures at June 30, 2023. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at June 30, 2023. There were no changes in our internal control over financial reporting during the second quarter of 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The information contained in Note 10 of the Notes to Consolidated Financial Statements is incorporated by reference herein.

ITEM 1A. RISK FACTORS

We amend the following two risk factors discussed in Part I, Item 1A. Risk Factors in our 2022 Form 10-K:

Changes in levels and sources of liquidity and capital, including the resulting effects of recent events in the banking industry, may limit our operations and potential growth.

Our primary source of liquidity is deposits from our customers, which may be impacted by market-related forces such as increased competition for these deposits and a variety of other factors. Deposits across the banking industry have been fluctuating in recent quarters in large part due to the increased interest rate environment and prominent bank failures. We, like many other banks, experienced some deposit outflows as customers spread deposits among several different banks to maximize their amount of FDIC insurance, moved deposits to institutions offering higher rates or banks deemed “too big to fail,” or removed deposits from the U.S. financial system entirely. Although our deposit levels have stabilized during the most recent quarter, our cost of funds has increased, and the potential for greater volatility remains, particularly if there is negative news surrounding us or perceived risks regarding our safety and soundness. If we are unable to continue to fund assets through customer bank deposits or access funding sources on favorable terms, or if we suffer an increase in borrowing costs or FDIC insurance assessments, or otherwise fail to manage liquidity effectively, our liquidity, operating margins, financial condition, and results of operations may be materially and adversely affected.

The Federal Reserve's tightened monetary policy may contribute to a decline in the value of our fixed-rate loans and investment securities that are pledged as collateral to support short-term borrowings, and other economic conditions may also affect our liquidity and efforts to manage associated risks. The FHLB system and Federal Reserve have been, and continue to be, a significant source of additional liquidity and funding. Changes in FHLB funding programs could adversely affect our liquidity and management of associated risks.

Problems encountered by other financial institutions could adversely affect financial markets generally and have indirect adverse effects on us.

The soundness and stability of many financial institutions may be closely interrelated as a result of credit, trading, clearing, or other relationships between the institutions. As a result, concerns about, or a default or threatened default by, one institution could lead to significant market-wide liquidity and credit problems, losses, or defaults by other institutions. This is sometimes referred to as “systemic risk” and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms, and exchanges, with which we interact on a daily basis, and therefore, could adversely affect us. This phenomenon has been evident in the recent events affecting the banking industry, as financial institutions, like us, have been impacted by concerns regarding the soundness or creditworthiness of other financial institutions. This has caused substantial and cascading disruption within the financial markets, increased expenses, and adversely impacted the market price and volatility of our common stock.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 6. EXHIBITS

a. Exhibits

Exhibit Number	Description	
3.1	Second Amended and Restated Articles of Association of Zions Bancorporation, National Association, incorporated by reference to Exhibit 3.1 of Form 8-K filed on October 2, 2018.	*
3.2	Second Amended and Restated Bylaws of Zions Bancorporation, National Association, incorporated by reference to Exhibit 3.2 of Form 8-K filed on April 4, 2019.	*
31.1	Certification by Chief Executive Officer required by Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934 (filed herewith).	
31.2	Certification by Chief Financial Officer required by Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934 (filed herewith).	
32	Certification by Chief Executive Officer and Chief Financial Officer required by Sections 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 (15 U.S.C. 78m) and 18 U.S.C. Section 1350 (furnished herewith).	
101	Pursuant to Rules 405 and 406 of Regulation S-T, the following information is formatted in Inline XBRL (i) the Consolidated Balance Sheets as of June 30, 2023 and December 31, 2022, (ii) the Consolidated Statements of Income for the three months ended June 30, 2023 and June 30, 2022 and the six months ended June 30, 2023 and June 30, 2022, (iii) the Consolidated Statements of Comprehensive Income for the three months ended June 30, 2023 and June 30, 2022 and the six months ended June 30, 2023 and June 30, 2022, (iv) the Consolidated Statements of Changes in Shareholders' Equity for the three months ended June 30, 2023 and June 30, 2022 and the six months ended June 30, 2023 and June 30, 2022, (v) the Consolidated Statements of Cash Flows for the six months ended June 30, 2023 and June 30, 2022, and (vi) the Notes to Consolidated Financial Statements (filed herewith).	
104	The cover page from this Quarterly Report on Form 10-Q, formatted as Inline XBRL.	

* Incorporated by reference

Pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K, copies of certain instruments defining the rights of holders of long-term debt are not filed. We agree to furnish a copy thereof to the Securities and Exchange Commission and the Office of the Comptroller of the Currency upon request.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ZIONS BANCORPORATION,
NATIONAL ASSOCIATION

/s/ Harris H. Simmons

Harris H. Simmons, Chairman and
Chief Executive Officer

/s/ Paul E. Burdiss

Paul E. Burdiss, Executive Vice
President and Chief Financial Officer

Date: August 4, 2023